

U.S. Plans Japan Trade Surplus New Aid to Falls for 4th Month Contras

Shultz Renews Support for a Peace Accord

By John M. Goshko

Washington Post Service

WASHINGTON — Secretary of State George P. Shultz said Thursday that President Ronald Reagan would ask Congress for \$770 million to provide the Nicaraguan rebels with military aid other than over a 18-month period after current aid expires at the end of this month.

In testimony before the Senate Foreign Relations Committee, Mr. Shultz asserted a need to "end the doubt and uncertainty" about U.S. support for the rebels, also known as contras.

At the same time, he said the administration would continue efforts to reach a diplomatic solution in Central America. He said a regional peace plan approved Aug. 7 had "many positive aspects."

He said the aid request would be made until after the contras' present \$100 million in U.S. aid runs out Sept. 30.

But in the face of repeated calls by Democratic members of the committee to hold the request until the peace process among five Central American countries is concluded, Mr. Shultz refused to say when the administration was likely to act.

He also denied that sending the request to Congress before Nov. 7, the deadline set by the Central American governments for beginning a cease-fire and making progress toward democratic reforms, would jeopardize chances for the accord.

Instead, Mr. Shultz insisted that enabling the contras to maintain their military strength would put pressure on Nicaragua's government.

See CONTRA, Page 2.

Compiled by Our Staff From Dispatches

TOKYO — Japan's merchandise trade surplus narrowed in August for the fourth consecutive month, mainly because of a large increase in imports.

The U.S. dollar, which has been pulled down by Japan's large trade surplus with the United States, strengthened on the report.

The Finance Ministry said Thursday that Japan's unadjusted trade surplus fell to \$5.15 billion in August from \$7.48 billion in August 1986, a decline of 31.1 percent.

The numbers do not take into account seasonal fluctuations in trade.

Officials noted, however, that the fall in the surplus was due more to increased imports than to particular strength in exports and that the increase in imports was mainly caused by higher oil prices.

Imports in August were up 32.9 percent from August 1986 to \$12.43 billion, the sharpest year-to-year increase since July 1980. Oil imports averaged \$18.20 a barrel in August, compared with \$10.33 in the same month of 1986, the Finance Ministry said.

Exports increased a low 4.4 percent to \$17.58 billion. A continued decline in the growth of exports was also a contributing factor to the narrower surplus, the officials said.

Japan's surplus was down from \$6.99 billion in July. Imports fell 3.8 percent from \$12.91 billion in July and exports dropped 11.7 percent from \$19.91 billion.

The surplus with the United States fell to \$3.73 billion from \$4.41 billion a year earlier, a ministry official said. The surplus with the United States had been \$4.79 billion in July.

Exports to the United States dropped 1.6 percent from a year earlier to \$6.59 billion in August, while imports climbed 27.5 percent to \$2.66 billion, the ministry reported. The officials attributed the decline in the surplus with the United States to the continued

drop in exports of Japanese cars and the big rise in imports of lumber and aircraft from the United States during the month.

The appreciation of the yen against the dollar and other currencies has made Japanese goods more expensive overseas and slowed the pace of export growth.

The dollar has dropped by about

40 percent against the yen since September 1985, when the major industrialized nations agreed to guide the U.S. currency lower to help the United States regain international competitiveness and cut its trade deficit.

Japan is responsible for much of the overall U.S. trade deficit, and a Japanese economist said his bank forecast that half of 1987's U.S. trade deficit would be brought on by Japan.

Foreign-exchange markets have been expecting the United States to report a merchandise trade deficit for July of as much as \$18 billion when it releases the data on Friday. The deficit was \$15.7 billion in June.

Anticipation of such a huge deficit has undermined the dollar, which had threatened to slip below 140 yen, although this pessimism may have abated to some extent, dealers said.

The dollar gained Thursday, as traders saw in the Japanese trade figures some hope that the U.S. deficit may not be as large as they feared. The dollar closed in New York at 142.450 yen, up from 141.975 at Wednesday's close, and at 1,805.3 Deutsche marks, up from 1,802.5 (Story, Page 18)

"The extremely bearish sentiment which has been prevailing in the market may have moderated somewhat," said Sumuru Takamoto, senior economist for the Industrial Bank of Japan.

(AP, Reuters)



Iranian dissidents who briefly occupied their embassy in Oslo on Thursday left the mission with bags over their heads to prevent identification after they had surrendered to police.

Iranians Abroad Protest Islamic Rule

Compiled by Our Staff From Dispatches

OSLO — Iranian dissidents occupied or attacked Iranian offices in Norway, France and West Germany on Thursday in protest against the Islamic government of Ayatollah Ruhollah Khomeini. Three injuries were reported.

In addition, a bomb blew a hole in the front of the Kuwaiti-French Bank in Paris early Thursday in the second attack on an Arab bank in the city this week. There was no immediate claim of responsibility.

Eleven assailants surrendered after occupying the Iranian Embassy in Oslo for more than two hours and injuring three persons, Norway's national news agency, NTB, reported. Banners outside the seized embassy had initials that appeared to identify the group as the Organization of the Guerrillas of the People's Fedayin of Iran.

The organization is a Marxist group whose members have been a constant target of arrests and execution in Iran. The group, virtually

wiped out in Iran, maintains a network of student supporters in Europe.

Protesters in Frankfurt and Paris said they belonged to the same organization. They said they carried out the attacks in support of political prisoners in Iran.

In Paris, protesters shattered windows at the Iran Air offices on the Avenue des Champs-Elysees, police said. They left behind tracts denouncing the Iranian government.

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Iran Attacks Gulf Tanker; Iraqi Air Raids Said to Kill 61

Compiled by Our Staff From Dispatches

MANAMA, Bahrain — Iraqi warplanes bombed industrial centers in Iran and an Iranian speedboat rocketed a supertanker Thursday, the day before UN Secretary-General Javier Perez de Cuellar said Iraq had agreed to a Gulf peace mission.

Iran said 61 civilians were killed or wounded in the Iraqi raids. Iraq said 19 persons were killed by retaliatory Iranian shelling.

Mr. Perez de Cuellar left New York on Thursday. After an overnight stop in Paris, he is due in Baghdad on Friday, before traveling to Baghdad. He said he remained hopeful that his weeklong mission would bring a truce in the Gulf War.

Meanwhile, Iraq and Libya issued a joint statement Thursday in Baghdad indicating an end to Libya's support for Iran in the seven-year war between Iran and Iraq.

The statement declared that the continuation of the war "represents a dangerous threat to peace in the region and wastes the Arab and Islamic energies," the official Iraqi press agency said.

In Washington, Reagan administration officials said Defense Secretary Caspar W. Weinberger would travel to the Gulf later this month, primarily to visit U.S. military personnel in the region. One official said Mr. Weinberger probably would visit Saudi Arabia and Bahrain to discuss their support of the U.S. Navy force in the Middle East.

Iraq said its air raids would continue until Iran complies with the July 20 cease-fire resolution passed

unanimously by the United Nations Security Council. The Iraqis have said they will accept the truce if the Iranians do, but Iran has not given a definitive answer.

Salvage executives based in the gulf said Iranian commandos in one, or perhaps two, speedboats attacked the Cypriot-flag supertanker Haven with rocket-propelled grenades, causing some damage but no casualties.

A six-week lull in the "tanker war" on commercial shipping in the Gulf followed the Security Council action, but attacks resumed two weeks ago.

The official Iraqi News Agency quoted a war communiqué Thursday as saying that "large formations" of warplanes made "destructive raids" on factories, power plants and communications centers "deep inside Iranian territory."

It said all aircraft returned safely from the attacks in western Iran on Shahabad, Garand, Maragha, Dorud and Bakhtar. Iran formerly called Kermanshah.

Iran's Islamic Republic News Agency said Iraqi jets killed 25 civilians in Dorud, and another 36 in Amirabad.

Official Tehran radio said Revolutionary Guards shelled the airport, railroad station, television station and military garrisons in the southern Iraqi port city of Basra through the night and morning, causing "heavy damage."

The radio said military installations in Iraq's southern port of Umm Qasr also were shelled.

Iraqi communiques said Iranian artillery also bombarded the northern city of Sulaimaniyah, killing 11 civilians and wounding others. They reported eight civilians killed in Basra.

Reports from the salvage executives said the 232,164-ton Haven was hit by grenade and machine-gun fire shortly after midnight in the southern Gulf, off the United Arab Emirates.

Lloyd's Shipping Intelligence Unit in London said the attack may have come from an Iranian frigate firing a 4.5-inch gun, followed by machine guns.

Attacks by Iranian speedboats had been expected since Iraq ended a three-day recess in the war on shipping with attacks Tuesday night near Iran's Kharg Island oil export terminal.

The Security Council had requested a suspension of attacks in the Gulf during Mr. Perez de Cuellar's visit.

He is to spend two days in Tehran meeting with President Ali Khamenei, Foreign Minister Ali Akbar Velayati and Hashemi Rafsanjani, speaker of Iran's parliament, before flying to Baghdad.

(AP, Reuters)

Pope Arrives in Miami At Start of 2d U.S. Tour

The Associated Press

MIAMI — Pope John Paul II, arriving here Thursday for an 11-day tour of the United States, told thousands who greeted him: "I could be a friend, a friend of America and of all Americans — Catholics, Orthodox, Protestants and Jews, people of every religion, and all men and women of good will."

John Paul arrived to "spell out once again the message of human dignity" and deal openly with mounting dissent among American Catholics.

"I come as one who already knows you and loves you," the pope told President Ronald Reagan and a throng of 1,500 dignitaries on hand for his arrival at Miami International Airport.

"As you know, we will listen," Mr. Reagan told John Paul. "For with all our hearts, we yearn to make this good land better still."

The pope, making his second visit to the United States and the 36th foreign trip of his papacy, heard Mr. Reagan tell him:

"In Poland, you experienced Nazism and Communism. As pope, you suffered a terrorist attack that nearly claimed your life.

"Still you proclaim that the central message of time — that the central message of all time — is not hatred but love."

In his arrival address, the pontiff said: "I come as a friend of the poor and the sick and dying, those who are struggling with the problems of each day; those who are arising and falling and stumbling on the journey of life; those who are seeking and discovering, and those not yet finding, the deep meaning of 'life, liberty and the pursuit of happiness.'"

The pope appealed to "Americans who have received so much in freedom and prosperity and human enrichment to continue to share all this with so many brothers and sisters throughout the other countries of the world who are still waiting and hoping to live according to standards worthy of the children of God."

Comments on Waldheim

Aboard the plane taking him to Miami, the pope said that homosexuals were not outsiders from the church and expressed deep concern over the spread of AIDS, Reuters reported.

John Paul also defended his meeting in June with President Kurt Waldheim of Austria which provoked widespread Jewish anger.

On homosexuals, the pope declared: "They are not outsiders, the homosexuals. Like all people who suffer they are inside the church. Not inside the church, they are in the heart of the church."

The Vatican aroused anger last year when it issued a document calling homosexual acts "an intrinsic moral evil."

The pope was asked whether it had been a mistake to meet Mr. Waldheim, whose World War II record in the Nazi German Army has aroused controversy.

John Paul replied: "No. It was necessary. It is necessary to show the same appreciation, the same esteem, for every people. He came as a president, democratically elected, of a people."

An effort to deal with the losses



President Ronald Reagan smoothing the pope's wind-swept robe after John Paul's arrival Thursday at the Miami airport.

Klosk British Fans Are Charged

BRUSSELS (Reuters) — Twenty-five British soccer fans were charged with manslaughter Thursday for their part in the 1985 Heysel stadium riot in which 39 persons were killed, a spokesman for Belgium's public prosecutor said.

All 25 were charged with four offenses — of which manslaughter is the most serious — after an all-night sitting of the Brussels law courts when each was questioned for about an hour.

Fresh riots erupted, meanwhile, in a Belgian jail, the semi-open Merksplas prison near Antwerp. It was the third prison riot in Belgium this week.

Stefan Edberg of Sweden beat Ramesh Krishnan of India on Thursday to gain the men's semifinals of the U.S. Open. Sports, Page 21.

GENERAL NEWS

In South Africa, speculation grows that Nelson Mandela may be released. Page 4.

BUSINESS/FINANCE

A judge refused to lift some restrictions on companies split off from AT&T. Page 17.

Down close: UP 26.78

The dollar in New York:

DM £ Yen SF

13048 1.6465 142.40 6.0388

Yugoslav Leaders Hurt by Debt Scandal

By Henry Kamm

New York Times Service

BELGRADE — A financial scandal involving one of Yugoslavia's largest companies has embarrassed the political leadership as well as the man scheduled to become the next president of Yugoslavia.

He is Hamdija Ponderac, the Bosnian member of the rotating collegial federal presidency.

The state company, a major food producer, had issued false promissory notes estimated at \$350 million, but possibly worth as much as \$500 million, to at least 57 banks. The company, Agrokomerc, is unable to meet its obligations, as are several of its creditor banks.

[Yugoslav newspapers Thursday put the amount of the notes at \$865 million, Agence France-Presse reported from Belgrade.]

The scandal was disclosed at a time when Yugoslavia, whose foreign debt is more than \$17 billion, is preparing to discuss with its creditor banks and the International Monetary Fund a further rescheduling of debt obligations.

The revelations of the scope of the country's internal indebtedness are expected to intensify demands that the necessary fund have the right to impose fiscal austerity.

In a nation where perhaps half the industrial and commercial enterprises habitually report losses and are kept going only by infusions of state funds, companies have usually bailed one another out with loans not backed by cash.

An effort to deal with the losses

is a stricter bankruptcy law that took effect this year. Companies habitually in debt could be forced into bankruptcy. But if strictly applied, the law could eliminate 7,000 companies and 1.5 million jobs. As a result, Yugoslav political analysts and economists do not expect it to be widely enforced.

The Yugoslav press has reported that the State Auditing Office discovered that promissory notes worth \$8.8 billion were created between enterprises or between banks and enterprises last year alone.

This month, the Federal Statistical Office announced that inflation at the end of August was 116.6 percent compared with August 1986.

In recent weeks, the Yugoslav press has carried revelations that have prompted some newspapers to call the affair Agrokomercgate. The scandal has been depicted as evidence that the government of Prime Minister Branko Mikulic is unable to come to terms with Yugoslavia's economic problems.

When Mr. Mikulic took power last year he had a reputation of authoritarianism.

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Nonetheless, he has failed to instill the discipline that Yugoslav and creditor bankers and economists see as the only way out of the economic crisis. The indebtedness and three-digit inflation have been accompanied by unemployment that is at about 1 million in a work force of 6.8 million.

In this highly decentralized nation of six federal republics and two autonomous provinces, each jealous of the other's prerogatives and those of the federal government.

See BELGRADE, Page 2.

Pakistan Fears Gulf Contagion at Home

By Steven R. Weisman

New York Times Service

ISLAMABAD, Pakistan — The widening war in the Gulf is stirring new concern in Pakistan that its already disaffected Shiite Muslim minority could become increasingly inflamed and likely to clash with the country's Sunni majority.

Tensions between Sunnis and Shiites have grown in the last several months, as have fights between groups of Iranians living in Pakistan who actively favor or oppose the government of Ayatollah Khomeini in Iran.

Such tensions have a long history in Pakistan. The Sunnis say they represent 85 percent or more of the country's Muslims, but the Shiites have become more and more vocal with the rise of Ayatollah Khomeini in Iran, where Shiites are in the majority.

Pakistan is officially neutral in the war between Iran and Iraq. Pakistanis say they are acutely uncomfortable because of the rising violence, particularly since their country has traditionally taken pains to have a peaceful and cordial diplomatic relationship with Iran.

This has been a Pakistani aim under Shah Mohammed Reza Pahlavi, who was overthrown in 1979, and under Ayatollah Khomeini.

"We cannot afford to take positions that are partisan that would alienate Iran," said a Pakistani official. He noted that Pakistan had tense, even openly hostile relations with its other neighbors: India, the Soviet Union and Afghanistan.

The Shiite-Sunni clashes have

added another dimension to religious violence that already existed in Pakistan.

Three persons were killed in July in an unusual series of armed attacks by pro- and anti-Khomeini groups, which included the firing of rockets, grenades and bombs at several mosques in a suburb of Karachi. Other attacks occurred at Quetta in western Pakistan.

The Pakistani authorities said some of the people arrested after the attacks were Iranian revolutionaries who may have come to track down and eradicate enemies of the ayatollah. A leftist anti-Khomeini movement has been active in Pakistan in recent years.

A few days after the Karachi violence, a bomb went off in a

See PAKISTAN, Page 2.

Honecker Foresees Open Border

By Robert J. McCartney

Washington Post Service

NEUNKIRCHEN, West Germany — Erich Honecker, the East German leader, said Thursday that he believed the border between East and West Germany could become a normal one if the two states continued the "peaceful cooperation" begun with his visit to West Germany this week.

Mr. Honecker's statement appeared to mark the first time that the Communist government of East Germany has raised the possibility of tearing down the Berlin Wall, which is manned by border guards with orders to shoot people who cross the border without permission.

The apparent catch in Mr. Honecker's offer was his suggestion that the border would become a fully recognized international boundary. West Germany officially seeks that the two countries someday be reunited.

"I believe that if we work together toward it," Mr. Honecker said, "in accordance with the communiqué that we have just signed in Bonn, and if, in connection with this, we demonstrate further peaceful cooperation, then the day will come when the borders will no longer divide us, but when they will unite us, as the border between the German Democratic Republic and the People's Republic of Poland unites us."

He delivered his comment at the town hall in Neunkirchen, after making his first visit since 1948 to the nearby mining village of Wieselkirchen where he grew up.

Bonn's Reaction

Sources in the Ministry for Inter-German Affairs in Bonn said Mr. Honecker's vision would be carefully studied, Reuters reported Thursday.

Friedheim Ost, the West German

See HONECKER, Page 2.

U.S. Hope: A Summit In November

The Associated Press

WASHINGTON — President Ronald Reagan says that he hopes an arms control agreement can be reached with Moscow on intermediate-range missiles and that he thinks late November would be the best time for a summit meeting with Mikhail S. Gorbachev.

"We all feel there is ground for great optimism" about the arms talks in Geneva, Mr. Reagan said Wednesday night at a state dinner for Prime Minister Ingvar Carlsson of Sweden. He added that "we would think late November would probably be best" for a summit meeting.

[The White House spokesman, Marlin Fitzwater, announced Thursday that the president would meet with the Soviet foreign minister, Eduard A. Shevardnadze, in Washington next Tuesday to discuss arms control prospects. United Press International reported.]

The Los Angeles Times reported Thursday that Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, said he expected Mr. Reagan and Mr. Gorbachev to sign an arms control treaty in late October or late November.

A summit meeting must wait until at least mid-October because preparations will take that long, Mr. Adelman said. Failing that, he said, talks would have to be put off until late November because of Mr. Gorbachev's role in celebrations of the 70th anniversary of the Communist revolution.

# In Spain, Immigrants Find Jobs and Racism

## Black Africans Complain of Bias, But Many Residents Deny Problem

By Paul Delaney  
New York Times Service  
MADRID, Spain — They are few in number and speak quietly so as not to draw attention to their often illegal status, yet they always stand out because of the color of their skin.

They are the blacks in Spain. Most live here in Catalonia, in the northeast corner of the country, and work the fields picking fruit and vegetables. Most say they left their homes in Gambia and Senegal to escape poverty.

They found work easily enough, but they say they also found racism. While Arabs and gypsies also complain of racism, Spaniards either say they are not aware of any such problems or deny that they exist.

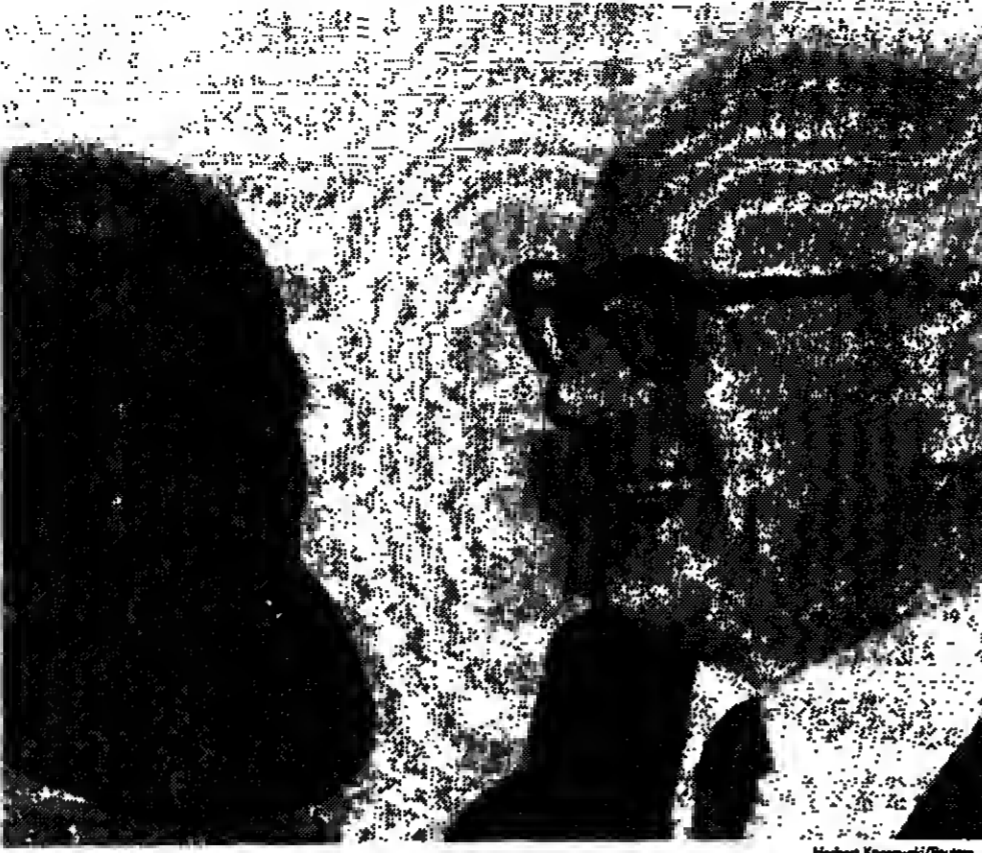
"Spanish people are real racists, the authorities more so than the common people," said Momodou Cham, the outgoing head of Jama Kafo, which in the Mandingo language of West Africa means People's Association.

Jama Kafo is the nearest thing in Spain to the National Association for the Advancement of Colored People in the United States, and Mr. Cham and his successor as the organization's head, Sheriff Jarju, come closest to being civil rights leaders. Both have legal residency status.

Mr. Cham's assessment is shared by Amanda de Miguel, a Madrid writer and sociologist.

"It is very clear that there is a race problem in Spain," he said. "But the Spanish temperament is to ignore problems, hide your head in the sand ostrich-like."

Government officials denied any knowledge of bias. Perhaps because the proportion of nonwhites



Erich Honecker, the East German leader, viewing a bust of Karl Marx in the house where Marx was born in Trier, West Germany. On Thursday, Mr. Honecker also returned to the town where he grew up, Wiebelskirchen in the Saarland, for the first time since 1948.

# HONECKER: East German Foresees Border Opening

(Continued from Page 1)

Mr. Honecker, 75, stood silently by his parents' grave, shielded from cameras by two birch trees.

Gertrud Hoppe, 70, Mr. Honecker's sister and the sole occupant of the family house, had met him in the nearby state capital of Saarbrücken. They made the journey home together in a limousine.

The first visit to West Germany by an East German leader since the two states were founded in 1949, Mr. Honecker's journey has been hailed as a milestone in relations between the countries.

(Reuters, AP)

# PAKISTAN: Gulf-Shielded Fears

(Continued from Page 1)

Karachi marketplace, killing more than 70 people. At the time, the government attributed the bombing to the Afghan secret police, since Kabul is believed to have carried out many other such attacks to thwart Pakistan's aid to anti-government rebels in Afghanistan.

Some intelligence officials, however, suspect that Iranians also may have had a hand in the bombing.

[Bombs exploded in crowded markets in two Pakistani cities Thursday, killing two persons and wounding 57. The Associated Press reported, quoting officials in Lahore. No group immediately claimed responsibility for either blast.]

[Both deaths occurred at Lahore, where a bomb exploded in a produce market. Officials at a Lahore hospital said 40 persons were injured, five of them seriously. At Peshawar, near the Afghan border, 17 persons were injured when a bomb concealed in a parked car went off outside a meat market.]

In northwest Pakistan, Shites who make up the majority in some areas have attacked Sunni Afghan refugees who have flooded the area since the beginning of the fighting in Afghanistan. These Shites express sympathy for the Soviet-backed Kabul government in its war against the Afghan rebels.

In the last few days, fearing new Sunni-Shite violence, Pakistan paramilitary police have enforced a widespread curfew throughout Karachi and sent in heavy reinforcements in Rawalpindi, Lahore and other cities to prevent skirmishes between Sunnis and Shites during a major Muslim holiday.

# CONTRA: Shultz Says U.S. Plans More Aid to Rebels

(Continued from Page 1)

ment to stop spreading communist subversion and resolve disputes with its neighbors.

If Congress goes along with the administration's new request, the rebels will be assured of U.S. assistance until after Mr. Reagan's departure from office in January 1989.

Mr. Shultz did not say what percentage of the request would be earmarked for military aid. The current \$100 million allocation earmarks roughly 70 percent for military assistance and 30 percent for humanitarian aid.

The speaker of the House of Representatives, Jim Wright of Texas, who has backed the peace initiative enthusiastically, said Thursday that it would be "inappropriate" to seek aid for the Contras "during the time the peace process is moving forward."

Mr. Wright, a Democrat, said: "If such a request is made, it would anticipate the failure of the peace plan. I don't anticipate failure. I anticipate success."

One of the peace plan's provisions would cut off U.S. aid to the Contras and all other outside aid to Central American insurgents.

Mr. Shultz, while insisting that the administration supports the negotiations among Nicaragua, Costa Rica, El Salvador, Honduras and Guatemala, said:

"It is simply not in our national interest to leave the Sandinista regime unconstrained by credible resistance forces on the basis of a hope or a promise. We have too much at stake."

# CHAD Reports Libyan Air Raids

Compiled by Our Staff From Dispatches

NDJAMENA, Chad — Libyan warplanes bombed the town of Fada and the base of Ouadi Doum in northern Chad on Thursday, Chadian radio reported.

In Paris, the Chadian Embassy said that Libyan aircraft had also bombed the Faya-Largeau oasis in northern Chad. The first such action against the oasis since Libya's forces recaptured the town of Azou in the disputed Azou strip last month. French civilians and servicemen are based at Faya-Largeau.

Chadian troops thrust into southern Libya last Saturday and reported destroying an air base at Matan-as-Sarah. The Libyan news agency JANA reported Thursday that Libyan television had shown U.S.-made Stinger anti-aircraft missiles left behind by Chadian troops at Matan-as-Sarah. U.S. officials had said this week that Chad's request for Stingers was under consideration.

(AP, AFP)

# IRAN: European Protests

(Continued from Page 1)

ment in the name of the organization.

At Frankfurt Airport, eight Iranians occupied the offices of Iran Air and distributed leaflets calling for an uprising against Ayatollah Khomeini. The police said they briefly detained the exiles when they left the office.

In Oslo, NTB quoted an unidentified Iranian journalist as saying that the embassy attackers were unarmed and had offered to surrender if a photographer was first allowed into the building.

But one of the embassy staff told Reuters that the assailants had two pistols, had threatened to kill the hostages and had beaten them. He said they had hit a small child on the head when he protested at his mother being manhandled.

The Iranian Foreign Ministry, in a statement carried by Tehran Radio, said that Norwegian police had acted "irresponsibly." It said the Oslo incident was a "savagely attack by agents of arrogance and terrorist counter-revolutionaries."

(AP, Reuters, AFP)

# Bomb Explodes At Kuwaiti Bank In Central Paris

PARIS — A bomb blew a hole in the front of the Kuwaiti-French Bank early Thursday in the second attack on an Arab bank in central Paris this week.

There was no immediate claim of responsibility. A bomb placed on the sidewalk blasted open the bank's metal and glass facade at about 3:30 A.M., damaging offices inside.

On Tuesday, another device exploded at the Paris office of another Arab bank, La Banque Saoudienne et Europeenne, but caused only minor damage.

The Kuwaiti-French Bank is a small commercial bank that is majority-owned by a group of Kuwaiti banks including the Commercial Bank of Kuwait, Kuwait Real Estate Bank and Alahki Bank of Kuwait, a bank spokeswoman said.

Islamic fundamentalists have issued threats against Kuwait and Saudi Arabia in recent weeks following the deaths of Iranian pilgrims during riots in Mecca on July 31.

# U.S. Argues Soviet View Of Treaty Favored SDI

By David K. Shipler  
New York Times Service  
WASHINGTON — The State Department has asserted that the Soviet Union, in public statements after the signing of the anti-ballistic missile treaty in 1972, made clear its belief that the accord permitted the testing and development of defensive weapons equivalent to the Strategic Defense Initiative.

The argument was made in the third and final part of a long analysis of the treaty by Abraham D. Sofaer, the State Department's legal adviser.

The document, sent to Congress on Wednesday, constituted the latest round in a debate over the scope of the 1972 treaty, which limited the deployment of anti-ballistic missile systems by both the United States and the Soviet Union.

Soviet authorities and some U.S. experts, including all but one of the Americans who negotiated the treaty, have asserted that the accord bars testing and development of the Strategic Defense Initiative, popularly called "star wars." The program would set up a system of space-based lasers and other futuristic weapons.

[Tass said Thursday that the State Department "was in essence trying to justify a 'right' of the United States to interpret any international treaty in the way it suits the U.S.," Reuters reported from Moscow.]

Also Wednesday, the State Department said Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, would sign an agreement in Washington next week setting up nuclear risk-reduction centers.

The centers, to be staffed by U.S. military personnel in Washington and Soviet personnel in Moscow, would be linked by a new, high-speed communications system, independent of the hot line, for use in giving notice of ballistic missile tests and other events covered by arms agreements and other treaties.

Although the two powers are close to an accord eliminating their intermediate-range nuclear weapons, they are stalled in efforts to negotiate a more substantial treaty reducing long-range strategic nuclear arms, partly because of a dispute over the Reagan administration's proposed space-based missile defense system.

Mr. Sofaer has been enlisted by the administration to provide a legal basis for the view that the ABM treaty offers no obstacle to testing and development of a space-based defense.

In the latest volume, Mr. Sofaer cited several Soviet statements that, he said, reinforced the view that Moscow did not regard the treaty as barring weapons based on technology not yet developed.

"During negotiation of clarifying interpretations," he wrote, "and at other times between 1972 and 1978, the Soviets repeatedly expressed the view that the treaty was intended to regulate conventional ABM systems."

U.S. Aide Assails Moscow

Paul H. Nitze, the special U.S. arms control adviser, criticized Moscow on Thursday for raising "further objections" to a superpower accord on medium- and short-range nuclear missiles. The Associated Press reported from Brussels.

He commented on a report in a London daily, The Guardian, that said the Soviets now wanted Washington to build up Pershing-1A nuclear warheads in the United States along with 72 in West Germany.

The Guardian quoted Viktor P. Karpov, the Soviet arms negotiator, as saying in an interview, "All warheads of this class of missile must be eliminated."

# WORLD BRIEFS

## Kanak Criticizes Vote Preparations

LA FOA, New Caledonia (Combined Dispatches) — Jean-Marie Tjibou, the leader of New Caledonian separatists, accused France on Thursday of destroying the credibility of Sunday's independence referendum by swamping the Pacific territory with troops.

He said that France had sent in 7,300 soldiers and police, one for every 12 voters. The soldiers, paramilitary gendarmes and riot police are to be stationed across the French territory by Sept. 13, when some 85,000 voters go to the polls.

"What can be the credibility of a referendum held under such heavy military surveillance?" Mr. Tjibou asked at a news conference in La Foë, 75 miles (120 kilometers) north of the capital, Noumea. Mr. Tjibou heads the Kanak Socialist National Liberation Front, which is boycotting the vote on the ground that it gives too little weight to the indigenous Kanaks, who represent 43 percent of the population of 145,000.

In Papua New Guinea, meanwhile, police fired tear-gas to disperse some 250 students who staged a demonstration Thursday outside the French Embassy against French policy in New Caledonia, the French ambassador said.

(Reuters, AFP)

## Schluter Presents Cabinet in Denmark

COPENHAGEN (Combined Dispatches) — Prime Minister Poul Schluter presented his reshuffled cabinet to Queen Margrethe II on Thursday, completing the formation of a minority government weakened by election setbacks.

Mr. Schluter replaced four ministers, including the defense minister, and added one minister to the outgoing 21 members of the cabinet. The four-party, center-right coalition is backed by only 70 of the 179 legislators. It faces a strengthened opposition bloc of Social Democrats and members of the Socialist People's Party, which won a combined 81 seats in the election Tuesday.

The former prime minister, Anker Joergensen, announced on Thursday that he was resigning as leader of the Social Democrats. Although the opposition bloc gained, the Social Democrats actually saw their parliamentary strength cut to 54 seats from 55.

(AP, Reuters)

## Kim Dae Jung Heartened by Support

SEOUL (AFP) — Kim Dae Jung, the South Korean opposition leader, indicated Thursday that a successful two-day tour of his southwestern base of support had encouraged him to run for president.

[Tass said Thursday that the State Department "was in essence trying to justify a 'right' of the United States to interpret any international treaty in the way it suits the U.S.," Reuters reported from Moscow.]

Also Wednesday, the State Department said Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, would sign an agreement in Washington next week setting up nuclear risk-reduction centers.

The centers, to be staffed by U.S. military personnel in Washington and Soviet personnel in Moscow, would be linked by a new, high-speed communications system, independent of the hot line, for use in giving notice of ballistic missile tests and other events covered by arms agreements and other treaties.

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The Guardian quoted Viktor P. Karpov, the Soviet arms negotiator, as saying in an interview, "All warheads of this class of missile must be eliminated."

## S. Envoy to Maputo Confirmed

By Neil A. Lewis  
New York Times Service  
WASHINGTON — The Senate on Thursday confirmed the nomination of an ambassador to Mozambique, a move that will allow the Reagan administration to complete its diplomatic relations with the newly independent nation.

Senate approval of the nomination of Mrs. Wells by a 64-22 majority after having voted 61-21 earlier in the day to cut state the Conservative Republican led by Senator Jesse Helms of North Carolina, threatened to block the nomination.

"These people want me to play a greater role," Mr. Kim said of the hundreds of thousands of supporters who turned out to welcome him in Kwangju and his former constituency in nearby Mokpo port. He said on the train returning to Seoul that the turnout had affected his pending decision on whether to run in a December vote that will be South Korea's first free presidential election since 1971.

He said he was planning trips to other regions this month, possibly with Kim Young Sam, the leader of the main opposition Renmin Democratic Party. The two Kims have repeatedly pledged to amicably choose between themselves a single presidential candidate, but observers said neither man appeared prepared to relinquish the nomination to the other.

## German Hostage Said to Be Alive

BONN (Reuters) — West German authorities said Thursday that Rudolf Cordes, a businessman seized in Beirut in January, was still alive, according to information supplied to them by Alfred Schmidt, who was freed in Lebanon on Monday.

A Foreign Ministry spokesman said Mr. Schmidt had told West German officials that Mr. Cordes had not been killed by his kidnappers. Mr. Schmidt, who was freed after eight months in captivity, has been at a secret location since he returned to West Germany early Tuesday.

The spokesman refused to comment on reports that Mr. Schmidt, an engineer for Siemens, the electronics company, had said he and Mr. Cordes were held hostage together for much of the time. Mr. Cordes, a manager for the Hoechst chemicals concern, was seized by gunmen in West Beirut on Jan. 17, three days before Mr. Schmidt was kidnapped.

## For the Record

The Turkish parliament, voting along party lines Thursday, called a general election for Nov. 1, a full year ahead of schedule. (AFP)

The Palestine Liberation Organization denied Thursday in Tunis that its leader, Yasser Arafat, had sent a message to the Israeli government offering direct talks on Middle East peace. (Reuters)

The Ethiopian military ruler, Colonel Mengistu Haile Mariam, was chosen the first president of the People's Democratic Republic of Ethiopia on Thursday and said that civilian rule had been restored. Colonel Mengistu has governed since 1977 as chairman of a Provisional Military Administrative Council. (Reuters)

## Chad Reports Libyan Air Raids

Compiled by Our Staff From Dispatches

NDJAMENA, Chad — Libyan warplanes bombed the town of Fada and the base of Ouadi Doum in northern Chad on Thursday, Chadian radio reported.

In Paris, the Chadian Embassy said that Libyan aircraft had also bombed the Faya-Largeau oasis in northern Chad. The first such action against the oasis since Libya's forces recaptured the town of Azou in the disputed Azou strip last month. French civilians and servicemen are based at Faya-Largeau.

Chadian troops thrust into southern Libya last Saturday and reported destroying an air base at Matan-as-Sarah. The Libyan news agency JANA reported Thursday that Libyan television had shown U.S.-made Stinger anti-aircraft missiles left behind by Chadian troops at Matan-as-Sarah. U.S. officials had said this week that Chad's request for Stingers was under consideration.

(AP, AFP)

## Iran: European Protests

(Continued from Page 1)

ment in the name of the organization.

At Frankfurt Airport, eight Iranians occupied the offices of Iran Air and distributed leaflets calling for an uprising against Ayatollah Khomeini. The police said they briefly detained the exiles when they left the office.

In Oslo, NTB quoted an unidentified Iranian journalist as saying that the embassy attackers were unarmed and had offered to surrender if a photographer was first allowed into the building.

But one of the embassy staff told Reuters that the assailants had two pistols, had threatened to kill the hostages and had beaten them. He said they had hit a small child on the head when he protested at his mother being manhandled.

The Iranian Foreign Ministry, in a statement carried by Tehran Radio, said that Norwegian police had acted "irresponsibly." It said the Oslo incident was a "savagely attack by agents of arrogance and terrorist counter-revolutionaries."

(AP, Reuters, AFP)

## Bomb Explodes At Kuwaiti Bank In Central Paris

PARIS — A bomb blew a hole in the front of the Kuwaiti-French Bank early Thursday in the second attack on an Arab bank in central Paris this week.

There was no immediate claim of responsibility. A bomb placed on the sidewalk blasted open the bank's metal and glass facade at about 3:30 A.M., damaging offices inside.

On Tuesday, another device exploded at the Paris office of another Arab bank, La Banque Saoudienne et Europeenne, but caused only minor damage.

The Kuwaiti-French Bank is a small commercial bank that is majority-owned by a group of Kuwaiti banks including the Commercial Bank of Kuwait, Kuwait Real Estate Bank and Alahki Bank of Kuwait, a bank spokeswoman said.

Islamic fundamentalists have issued threats against Kuwait and Saudi Arabia in recent weeks following the deaths of Iranian pilgrims during riots in Mecca on July 31.

## U.S. Argues Soviet View Of Treaty Favored SDI

By David K. Shipler  
New York Times Service  
WASHINGTON — The State Department has asserted that the Soviet Union, in public statements after the signing of the anti-ballistic missile treaty in 1972, made clear its belief that the accord permitted the testing and development of defensive weapons equivalent to the Strategic Defense Initiative.

The argument was made in the third and final part of a long analysis of the treaty by Abraham D. Sofaer, the State Department's legal adviser.

The document, sent to Congress on Wednesday, constituted the latest round in a debate over the scope of the 1972 treaty, which limited the deployment of anti-ballistic missile systems by both the United States and the Soviet Union.

Soviet authorities and some U.S. experts, including all but one of the Americans who negotiated the treaty, have asserted that the accord bars testing and development of the Strategic Defense Initiative, popularly called "star wars." The program would set up a system of space-based lasers and other futuristic weapons.

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WHEN! WHO? FOURTH REICH POLITICS, MR. STONE RECENTLY HAD ALL CHARGES DROPPED.

DOONESBURY

# For Reagan's Commerce Nominee, Past Surfaces as Confirmation Hurdle

By Susan F. Rasley  
Washington Times Service  
WASHINGTON — Washington is a town with a long memory. So when C. William Verity Jr., President Ronald Reagan's nominee for commerce secretary, appeared Thursday on Capitol Hill for a confirmation hearing he was prepared to be asked less about his plans for the department he would head than about two bits of the past that have come back to haunt him.

The first is Mr. Verity's role in a bitter and protracted environmental lawsuit. The second is his outspoken view in favor of expanding commercial ties with the Soviet Union, a policy dispute that has split every administration since 1972.

It is a rather unlikely combination of issues to dog a retired steel executive who has never held government office. But it has united groups at two extremes of the political spectrum in opposition to his all-but-certain confirmation.

"Mr. Verity remains an unrepentant polluter," wrote Minnesota's attorney general, Hubert H. Humphrey 3d, son of the former vice president, in a letter last week to the state's two U.S. senators and to the chairman of the Senate Commerce Committee, urging rejection of the nomination.

Free the Eagle, a conservative lobbying group, sent the committee a "declaration" signed by 20 small conservative organizations denouncing his record.

"Mr. Verity's past actions and comments reflect a gross insensitivity toward Soviet political and human rights abuses and a willingness to undermine trade limitations that

are essential components of United States economic security policy," said Howard Segersmark, director of Free the Eagle.

Even the syndicated newspaper columnist Rowland Evans and Robert Novak have warned that Mr. Reagan might regret his decision at the hearing.

To be sure, the scope of the opposition to Mr. Verity pales in comparison to the campaign being waged against Judge Robert H. Bork, Mr. Reagan's Supreme Court nominee. But it is every bit as visceral.

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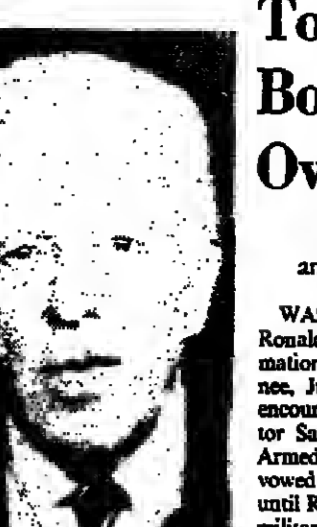
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C. William Verity Jr.

Conservatives have long regarded the organization with suspicion, concerned that the Soviets were using it largely to gain U.S. technological secrets and that U.S. executives were subordinating important foreign policy considerations in their eagerness to crack the Soviet market.

# Nunn Vows To Block Bork Process Over Arms

By Helen Dewar  
and Tom Kenworthy  
Washington Post Service

WASHINGTON — President Ronald Reagan's drive for confirmation of his Supreme Court nominee, Judge Robert H. Bork, has encountered new trouble as Senator Sam Nunn, chairman of the Armed Services Committee, has vowed to help block confirmation until Republicans allow passage of military and arms control legislation for next year.

The threat Wednesday from Mr. Nunn, who is influential among Senate moderates whose support is considered essential for Judge Bork's confirmation, came as the Democratic-controlled Congress returned from a monthlong recess. Congress faces a heavy agenda complicated by disputes with the White House on most major issues. Mr. Nunn, a Georgia Democrat, did not say how he would attempt to block the confirmation.

Mr. Nunn's warning on the Bork confirmation was his second move in as many weeks to complicate prospects for key items on Mr. Reagan's legislative agenda while the administration abandons its insistence on a reinterpretation of the 1972 anti-ballistic missile treaty. The new interpretation is aimed at permitting expanded testing of the administration's space-based anti-missile defense program, the Strategic Defense Initiative.

Last week, Mr. Nunn said he would demand congressional review of the complete negotiating record leading to a pending treaty to ban short- and medium-range nuclear forces because the administration is relying on the ABM treaty negotiating record to justify its broad interpretation of the pact.

His threat in help hold up consideration of Judge Bork comes because Republicans, with White House backing, are holding up the military spending bill for the 1988 fiscal year. Republicans are stalling the bill because it contains language requiring congressional approval for a reinterpretation of the ABM treaty.

Mr. Nunn described himself as "totally neutral" on Judge Bork's nomination and said his tactics were aimed at forcing a vote on the military spending bill.

But his position could be significant to early maneuvering over the confirmation and in Democratic efforts to end Republican delaying tactics over other issues.

On Tuesday, a key committee of the American Bar Association voted to give Judge Bork its highest rating, but the committee was sharply divided, with several members evaluating the judge as "not qualified" for the court, sources close to the process said Wednesday.

Of the 15 members of the ABA committee, 10 voted Judge Bork as "well qualified," four "not qualified" and one "not opposed," a source said.

# U.S. Envoy To Maputo Confirmed

By Neil A. Lewis  
Washington Times Service

WASHINGTON — The Senate has voted to confirm Melissa F. Wells as U.S. ambassador to Mozambique, ending a long standoff between the Reagan administration and conservative Republicans.

The Senate approved the nomination of Mrs. Wells by a 64-24 vote Wednesday after having voted decisively earlier in the day to cut off debate. The conservative Republicans, led by Senator Jesse Helms of North Carolina, threatened a filibuster to block the nomination.

Mrs. Wells, a career diplomat, has served as ambassador to Guinea-Bissau and Cape Verde.

Mr. Helms has led a campaign to force the administration to alter its policy on Mozambique, which is governed by a Marxist political party. He has pressed the State Department to abandon its support of the government in Maputo in favor of the Mozambique National Resistance, an anti-Communist rebel group supported by South Africa and known as Renamo.

The administration contends that its policy could mean Mozambique's freedom from dependence on the Soviet bloc.

"I am continually astonished at the State Department's declared policy that it will not meet with the anti-Communist resistance," Helms said Wednesday.

Although Mr. Helms, with the support of other Republicans, has held up the nomination for months, the end of the matter came quickly Wednesday.

The Senate minority leader, Bob Dole, Republican of Kansas, who had been a supporter of efforts by Mr. Helms to hold up the nomination, said Wednesday he would drop his opposition and the effort quickly dissolved.

Mr. Dole asserted that the administration's refusal to meet with Renamo has hampered efforts to provide relief to Mozambique, which is suffering from drought and malnutrition.

The administration sought to defuse the confrontation, and had a State Department official confer with Renamo's Washington representative to see whether he could help in freeing a young American nurse taken hostage by the rebels. But that gesture failed to satisfy Mr. Helms.

Mr. Helms's campaign also lost some momentum after widespread reports of a massacre of 400 people in a Mozambique village in July by Renamo forces.

Pending confirmation, Mrs. Wells, 55, has been serving in the State Department's Southern Africa Bureau.

**Renamo Rebels Report Raid**  
LISBON — Mozambique rightist rebels, known as Renamo, said here Thursday that they had killed 17 Zambian troops in a cross-border raid last week on three barracks near Mount Darwin.

# Kenya Tries to Fend Off Rights Charges

By Blaine Harden  
Washington Post Service

NAIROBI — The government of Kenya, stung this year by charges of unfair trials and torture of political opponents, has embarked on a counteroffensive that sidesteps the substance of these reports while broadly accusing the critics of anti-Kenyan bias.

Asserting that Kenya is an "open society" that is "governed by the rule of law," the government appears to be either delaying or intervening in court cases that could further damage its image.

Two of those cases concern Kenyans who died this year in police custody. Others involve lawsuits charging that the police used torture to coerce confessions from detainees.

Peter Karanja, a businessman picked up by the police in the town of Nakuru last February, died 22 days later in police custody in Nairobi. An autopsy showed he had been beaten severely. The government has postponed an inquest.

Stephen Karanja, no relation to Peter Karanja, was shot dead while in police custody five months ago. The body was buried without informing the dead man's family. A Nairobi judge who demanded that the police find the body and explain the death has been ordered off the case by Kenya's chief judge. The body has not been produced.

One of Kenya's leading human rights lawyers was picked up by the police the day after he had notified the government of his intention to

# Peronists Disavow Disruption

By Shirley Christian  
New York Times Service

BUENOS AIRES — Political leaders of the opposition Peronists, after emerging victorious in congressional and provincial elections, have sought to dispel fears that they will obstruct the government of President Raul Alfonsín or bring chaos in Argentina.

However, Saul Ubaldini, the secretary-general of the General Federation of Labor, often considered the backbone of Peronism, took a tough position Wednesday, saying that the president had to address the problem of declining wages.

He called for a return of economic nationalism and a moratorium on the \$53 billion foreign debt.

Guido di Tella, a prominent Peronist economist, who was elected to the Chamber of Deputies, said people concerned that the Peronists might not behave democratically did not realize that today's Peronist party is not "the party of 1947 or 1974."

Anti-Peronist Argentines equate the movement, officially the Partido Justicialista, to mobs in the streets and endless concessions to labor.

"There is no question that Alfonsín is still the president and that he has full authority," Mr. di Tella said, adding that the Peronists and Mr. Alfonsín's Radical Civic Union "will have to coexist more than in the past, and that's good, not bad."

Italo Luder, the Peronists' defeated presidential candidate in 1983, who also won election to the Chamber on Sunday, said in an interview Wednesday that the Peronists did not intend to be "obstructionists," which he said would reflect "a lack of good sense" just two years from presidential elections.

The president and his party treated the outcome of the elections as a major crisis.

After voting on Sunday, Mr. Alfonsín went to his suburban residence and, after the results became known, called in cabinet members and party leaders for a meeting.

The feeling of a vacuum settled over the government as officials made it clear that the president could not decide what policy changes he decided to make as a result of the voting.

Most politicians attributed the setback to unhappiness over the economic strategy in which the country finds itself, which includes declining real wages, high inflation and the pressures of the \$53 billion foreign debt.

The radicals lost their majority but retained a plurality in the Chamber of Deputies, where half the 254 seats were up for election. There was no voting for seats in the Senate, where the Peronists already hold a plurality.

Mr. di Tella, the architect of the Peronists' proposal to renegotiate part of the foreign debt, said in an interview that his party was not interested in forming a coalition government with the Radicals but did want to help shape the national policies of the next two years.

In another interview, a few days before the voting, he said his debt proposal was based on the conviction that the foreign banks were virtually inviting debtor countries to renounce part of the debt when they decided in recent months to increase their reserves against possible losses.

He used a hypothetical figure of 40 percent as the amount that Argentina might renounce, but he said the actual amount would depend on an analysis of the components of the debt, with new debt incurred since 1982 more likely to be paid in full than older debt.

He said he had made the proposal on economic, not ideological, grounds.

"Argentina is in receivership," he said.

**Alfonsín Vows Action**  
Mr. Alfonsín pledged Wednesday to get tough about Argentina's debt and to campaign to freeze interest rates on it. Reuters reported from Buenos Aires.

In a speech, he also promised to keep pressure on creditor banks to grant new loans and criticized international lending agencies such as the World Bank and the International Monetary Fund.

"We are not going to allow the IMF to continue trying to apply ridiculous recipes that have nothing to do with the people's needs," Mr. Alfonsín told the Argentine Industrial Union.

"We have jointly resolved to immediately launch a campaign in defense of our interests, the interests of the Argentine people, in search of a freeze on interest rates at historic levels," Mr. Alfonsín said.

He told rumors that the minister of the economy, Juan Vital Sourrouille, might resign as a result of the defeat by saying that he himself, Mr. Sourrouille and Foreign Minister Dante Caputo would launch the campaign.

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One of Kenya's leading human rights lawyers was picked up by the police the day after he had notified the government of his intention to

about a group of "very compelling cases" said to number about 70.

The administration has steadfastly refused to discuss economic aid or war reparations as part of the negotiations over "missing servicemen." The government's decision to help private groups represents a breakthrough on the question of relating the two issues.

The agreements on both issues were worked out last month with Vietnamese officials by General John W. Vessey Jr., a former chairman of the U.S. Joint Chiefs of Staff, who led a delegation to Hanoi. After his visit, two groups traveled to Vietnam, one a medical team to study the humanitarian needs of the country and the other to work on the 70 major cases.

Under the plan for facilitating nongovernmental aid, the administration intends to issue a report detailing the needs and encouraging private groups to provide it. The administration also will provide exemptions from trade restrictions.

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IN MATTER OF MERCANTILE BANK AND TRUST COMPANY LIMITED (IN LIQUIDATION)

AND

IN THE MATTER OF THE COMPANIES ACT (CHAPTER 184)

**NOTICE TO CREDITORS OF INTENTION TO DECLARE DIVIDEND**

Rule 68 of The Companies (WINDING-UP) Rules, 1975, To: All creditors who have not filed a claim in the Liquidation.

NOTICE is hereby given that a Further Distribution is intended to be made to all Creditors whose claims have been admitted in the Liquidation. You are mentioned as a Creditor in the Statement of Affairs, but have not yet proved your debt. If you do not prove your debt by the 12th day of October, 1987, you will be excluded from sharing in this Third Interim Dividend.

Dated this 11th day of September, 1987.

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OPINION

INTERNATIONAL Herald Tribune

A Chink in the Wall

When Richard Nixon made his historic visit to China in 1972, his hosts took him to inspect the Great Wall. The president was said to have remarked, "This is a great wall." The U.S. representatives who returned this week from the large Soviet radar at Krasnoyarsk also made a historic visit to a controversial Soviet installation that the Reagan administration says violates the Anti-Ballistic Missile Treaty of 1972.

When the radar was noticed by satellite four years ago, the Russians claimed its purpose was space-tracking. But a space-track radar in northern latitudes would most efficiently point south to see the space shuttle and the many satellites in equatorial orbit. Krasnoyarsk faces northeast. Besides, the radar in northern latitudes can also do early warning and is therefore illegally sited. The Russians implicitly acknowledged a problem two years ago by offering to cease construction at Krasnoyarsk if the United States canceled the extensive modernization of two permitted early warning radars in England and Greenland. The Greenland radar is now completed but Moscow makes clear that the offer is still valid.

Hart Missed the Point

Gary Hart keeps missing the point. Under sharp questioning on ABC television Tuesday, he insisted again that the point was privacy. No, he said, he had not been absolutely and totally faithful to his wife. But having said so, he exhorted the national press corps: "Never ask another candidate that question," because it is no one else's business, and questions like that drive good candidates out of politics.

causes heartburn, as in the case of Geraldine Ferraro and her husband in 1984. The second answer concerns other aspects of candidates' lives. Voters need to know about candidates' character and judgment, yet generally candidates deserve a presumption of privacy. Just because they are running for office creates no warrant to snoop through their trash cans. But there is a difference between a presumption of privacy and a guarantee. If there is good reason for doubt about personal behavior, reporters may feel justified, even duty bound, at least to check it out.

Those Phantom Flights

Over the years, certain American airlines have scheduled some flights that defy the best efforts of passengers to take advantage of them. We refer to those seemingly convenient flights that apparently arrive and depart faster than the human eye can detect — that are never around for boarding, even though great numbers of people have made reservations for them, based on what is listed in official schedules. It is not until passengers arrive at the airport that they learn of their flight's nonexistence, often explained as a "delay." Anyone who has booked one of these phantom flights is then informed briskly that the next somewhat similar flight may be leaving sometime soon.

be done. In any event, the idea of providing these flight statistics was proposed months ago by the industry and comes after six large airlines already had agreed to improve their performance on flights serving Chicago, Boston, Dallas-Fort Worth and Atlanta. But as officials of many of these and other airlines, and members of Congress as well, have noted, the scheduling problems will not be solved until other steps are taken, including the hiring and training of more air traffic controllers than the Reagan administration has been willing to accept and more spending for better equipment and facilities. With more people than ever now traveling by air, and seeking the most convenient times to do so, more sophisticated machinery and the staffs to handle it are essential.

No Excuses on Urethane

Studies two years ago revealed that some alcoholic liquors contain dangerous levels of urethane, a potent cancer-causing chemical. American scientists have yet to pinpoint the exact cause of the contamination, which seems to occur naturally in fermentation and is confined mostly to certain brands of bourbons, whiskeys and imported fruit brandies. Meanwhile, the higher mystery is why the U.S. Food and Drug Administration will not take even modest steps to reduce the potential hazard. A responsible FDA ought by now to have followed Canadian lead in setting urethane limits and recalling those products that exceed it.

ists report urethane levels posing a cancer risk for moderate drinkers that is up to 100 times higher than what the FDA normally considers acceptable. The agency's top toxicologist holds that "ranking substances by the threat they pose to cause cancer in humans, urethane would be first, second or third." Yet the agency insists that urethane in alcohol poses no immediate threat. Spot checks show that some brands are higher in urethane than others. Rather than publish the results, the FDA has sought to keep them secret. At the very least the public needs to be told which products contain high levels of urethane. While the agency refuses to act on its own to protect the public, it is up to Congress to force the issue.

Iran Turns Its Fires on a New 'Great Satan'

By Amir Taheri

PARIS — With rising tension in the Gulf for a backdrop, Iran is caught up in the feverish passion of Muharram, the Shiite month of mourning for the martyrs. The faithful gather before sunset each day to pray, to beat their bare chests, to wail and shed tears, to inflict wounds on themselves with chains and razors, and to renew their pledge to kill and die for Ayatollah Ruhollah Khomeini's revolutionary brand of Islam. Coming so soon after the Mecca clashes, in which at least 400 pilgrims died — most of them Iranian — this year's Muharram processions are the largest and most passionate in years, according to reports from several major Iranian cities. Until last year, Iraq, the United States and Israel drew most of the vitriol that Muharram unleashes against "enemies of Islam." This year, however, Saudi Arabia serves as the main villain of the piece. The other three "enemies" are mentioned largely as a matter of form.

Ayatollah Khomeini himself set the tone in his message at the start of Muharram. He described the Saudi royal family as *murtadin*, which means "heretic," and *mushrik ad-din*, or "those whose blood must be shed by the true believers." "I will fight the American Great Satan," the ayatollah said in his message. "I might even forget Saddam Hussein," the president of Iraq. "But I shall never forgive the Saudi heretics." He vowed to avenge the "blood of our martyrs" by bringing down the Saudi government. Accounts from both Iran and Saudi Arabia along with eyewitness reports of pilgrims from several Meccan countries have made it possible to piece together a more accurate picture of what happened in Mecca at the end of July. It was neither an "innocent procession drawn in blood by the Saudi Army" as Tehran claims nor "a paramilitary attempt at disrupting the pilgrimage" as some accounts from Riyadh have suggested. Evidence shows that the demonstration, carefully planned and led by people experienced in street politics, was not conceived as a pretext for provoking the bloody clashes that took place. The aim of the organizers was to seize control of the Kaaba shrine in the Grand Mosque, Islam's holiest place, for several hours so that Ayatollah Khomeini's message could be spelled out for some of the two million pilgrims then in Mecca. Five mullahs were to address the gathering, which was to end with the passing of a seven-point resolution endorsing Tehran's views on the Gulf war, Israel, Afghanistan and "a pan-Islamic administration" for the holy shrines of Mecca and Medina.

tollah's long-term strategy was to frighten the country's middle class, its security forces and the many foreign workers who help run the kingdom's economy, then to provoke revolts among the Shiites, who comprise about one-tenth of the Saudi population. The ayatollah believed that the Saudi ruling class eventually would flee to the West, as their Iranian counterparts did in 1979 when faced with the prospect of revolutionary chaos. He did not expect the Saudis to strike back at what was an early stage in his campaign to bring down the Riyadh government. The writer, an Iranian whose books include the recently published "Holy Terror: Inside the World of Islamic Terrorism," contributed this comment to the International Herald Tribune.



By GALLEG0 & REY, C&W Syndicate.

'Star Wars': A Sensible Alternative

By Flora Lewis

PARIS — Now some major critics of President Reagan's "star wars" program have come up with a proposal of their own for strategic defense research. It makes sense, and bolsters their claim that they are not just opposed to SDI because they love the bomb, but for scientific, technical and budgetary reasons. From the beginning, informed opponents have said they favor continuing research such as was going on without fanfare before Mr. Reagan's startling 1983 speech. They said that such research would make a difference if reliable defense proved possible and that there needed to be a hedge against a Soviet breakthrough. But the arguments until now focused on what was wrong with the fantasy that a crash effort would make sense.

If Recovery Lasts, the Republicans Can Hardly Lose

By Robert J. Samuelson

WASHINGTON — In a year, the presidential campaign will be entering its final, thunderous phase. The Republican hopefuls — Vice President George Bush, Senator Bob Dole and the others — must be wondering: Can the economy's strong performance continue that long? The Democrats are surely asking the same question. The economy now belongs to the Republicans. Unless things change in the next year, the Democrats may need a miracle to recapture the White House. Oceans of political commentary will flow between now and then. Issues and tactics will be analyzed. Much of this outpouring will be irrelevant. A presidential election is not usually a careful choice between opposing political ideologies but, rather, a crude public referendum on the present and recent past. Prosperity now favors the incumbents.

When there is a general sense of well-being, people are less eager for change. Other issues have less impact. The thoughtful Democrats who stepped back last week when the Federal Reserve raised its discount rate, the interest rate charged by the Fed on its loans, from 5.5 to 6.0 percent. Higher interest rates could mean the economic recovery is fraying at the edges. Time will tell. But for the moment, the recovery endures. Commentators have termed the economy's performance this year "moderate," "sluggish" or "creaky." Language obscures reality. The recovery that began in late 1982 has now entered its 58th month. Of the nine postwar economic recoveries, only one, the 106-month recovery between 1961 and 1969, has lasted longer, and arguably it was sustained by the Vietnam War. No one should expect rapid, spectacular economic growth in the fifth year of a recovery. What is desirable is steady expansion that is adequate to absorb the rise in the work force and to create higher living standards. That is precisely what the economy seems to be producing. Consider: Modest growth continues. For 1987, most economists expect an increase of about 2.5 percent in the gross national product. That is the average forecast from the 51 economic indicators surveyed by the Blue Chip Economic Indicators. Their average estimate for 1988 is 2.9 percent.

Over the past year, the number of jobs has risen 3.2 million. The civilian unemployment rate has fallen from 7 percent in July 1986 to 6 percent in August 1987. Since the start of the recovery, the number of jobs in the United States has grown 14 million. Living standards are rising faster than in the late 1970s, though increases are modest. The same can be said of productivity growth, the source of higher living standards. Business output per hour has increased 1.9 percent a year, less than the 2.6 percent average for all postwar recoveries but better than the 1.3 percent recorded in 1975-80. The trade deficit is turning around. Export volumes are up, import volumes are down. The deficit figure, which has not dropped, obscures the shift. Because a depreciating dollar means imports cost more, the lower volume of imports has had a higher price tag. Adjusted for price changes, the trade deficit has declined about 18 percent since last summer. Democrats cannot draw much satisfaction from this overview. Of course, huge problems persist. The trade and budget deficits remain immense. The recovery has been uneven: parts of the Farm Belt and Oil Patch are still depressed, and the proportion of Americans below official poverty line has not dropped much. But converting these problems into potent campaign issues would require some economic turbulence. Voters are more impressed with tangible, present successes than with future, possible problems. "Most Americans believe the country is on the right track, and they are optimistic about the economy," writes the opinion analyst William Schneider in the National Journal. In that context, he said, other issues affect their outlook only "on the margins." A cynic must wonder: Have the Republicans cooked the economy for the 1988 election? A few years ago, a Republican strategist might have advised the White House to: (1) Promote a dollar depreciation to make U.S. exports more competitive; (2) Nudge out Paul Volcker as Federal Reserve chairman, since his anti-inflation zeal might make him too eager to restrain the economy; (3) Ignore the budget deficit. Despite the long-term benefits of smaller deficits, higher taxes and lower spending might initially hurt the economy. In a nutshell, that has been the administration's economic policy. Is it coincidence or strategy? Whatever the truth, Republican prospects may be riding on borrowed time. No recovery lasts forever. This one could end in numerous ways. Inflation could accelerate, in part because a depreciating dollar raises the prices of imports. Debt-laden consumers could further slow their spending, while feeble foreign economies fail to provide an offsetting stimulus to U.S. exports. What ought to worry Republicans, and hearten Democrats, is that the economy may be running ahead of schedule. In September 1987, it may have achieved the dull, reassuring prosperity that Republicans had envisioned for November 1988.

Democrats: A Bum Rap Now, as Before

By Carl Levin

WASHINGTON — You see it everywhere, in newspaper stories, on the television news: The Democratic contenders for the 1988 U.S. presidential nomination are referred to — and then dismissed — as the "seven dwarfs." There are slight variations on the theme. Recently a leading Democratic pollster called the Democratic contenders "midgets in the public mind." It has gotten so bad that Governor Mario Cuomo of New York has felt the need to label the dwarf characterization "unfair." On the contrary, he said, the seven candidates represent an "embarrassment of riches." Dwarfs. Midgets. Those who dismiss the Democrats' candidates as too "diminutive" to be president are saying these candidates lack the stature of some of those who have chosen not to run this year: Senators Sam Nunn and Bill Bradley and Mr. Cuomo himself. They are also saying that the candidates now slugging it out in Iowa and New Hampshire do not measure up to Democratic nominees of the past and particularly to past Democratic presidents. Mr. Cuomo is right. This characterization is patently unfair. In the last half-century or so, the Democratic Party has nominated, and the country elected, three presidents who have come to exemplify the best attributes of the Democratic tradition: Franklin Roosevelt, Harry Truman and John Kennedy. None of the three was viewed as a particularly significant figure before his nomination. No one called them larger than life. Roosevelt had been governor of New York for a grand total of four years at the time of his nomination for president. His last government position before being governor had been assistant secretary of the navy, a job he relinquished 12 years before

even though he was already president, having moved into the White House upon Roosevelt's death. He was dismissed as the "little man in the White House." Leading Democrats tried to entice Justice William O. Douglas and General Dwight Eisenhower into contesting Truman for the nomination. Even at the convention that nominated Truman, there were delegates singing about how they were "just mild about Harry." Kennedy was hardly viewed as a heavyweight when he sought the nomination for president in 1960. Top party figures said that he was too young and inexperienced, that he should step aside for a more seasoned politician such as Adlai Stevenson, Lyndon Johnson or Hubert Humphrey. Eleanor Roosevelt said she did not believe in the idea of Kennedy until he began to show "less profile and more courage." The parallels with the current candidates should be obvious. But there

is one big difference. Many of the Democratic contenders in 1988 have more impressive records than those possessed by the leaders of the past. Look at the issue of experience. Where Roosevelt had been governor of New York for four years when he was elected, Michael Dukakis is in his ninth year as Massachusetts governor, and Bruce Babbitt was governor of Arizona for eight years. Truman had been a U.S. senator 10 years when he was picked as Roosevelt's vice president. Joe Biden will have been in the Senate 16 years by November 1988. Paul Simon will have served in the House and Senate for 14 years, and Al Gore, at age 39, for 12 years. Dick Gephardt will have been a member of the House of Representatives for 12 years. And Jesse Jackson has been a national civil rights leader for more than 20 years. That is why this "dwarf" talk is a bum rap. The Democratic contenders are a competent, experienced group. None of them yet has voters on their feet cheering, but it is still five months until the Iowa caucuses. It is just too early for candidates to jell. Just give them time. And, better yet, give them a closer look. The eventual winner of the Democratic presidential nomination will, like past nominees, find that his image is instantly transformed by the mere fact of his success. That is the way it works, and always has. The Washington Post.

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Doctor Fernando Santos, Ministro de Energia y Minas

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OPINION

There's No Room for Covert Operations

NEW YORK — William H. Webster, the new director of central intelligence, has established closer control of covert action. Three cheers for that; but even tight supervision is not enough, as the United States will discover again unless secret political operations are banned altogether.

By Tom Wicker

Secret intelligence-gathering, from advanced technology to a human spy in a foreign capital, is indispensable. But secret efforts to achieve political change, from subsidies for political parties to the overthrow of governments, pose far more problems than they are worth. When exposed, they embarrass the nation and erode the credibility of the president; even when not known to the American public, they often damage rather than further U.S. interests.

Secret activities often precede the alluring but often illusory promise that they achieve foreign policy goals without the bothersome debate and open decision that are staples of democracy. Thus they undermine the supposedly open nature of a democratic society, and can blackmail its leaders.

Mr. Webster seeks to minimize these dangers, made clear once again in the Iran-contra scandal, by establishing a committee of senior intelligence officials to review all proposals for covert action, placing at its head an official not otherwise involved in clandestine activities.

The new director also has re-established a proper chain of command within the CIA. His adventurous predecessor, William Casey, permitted such operations as Alan Fiers, chief of the Central American task force, to report

directly to him, skipping several layers of management. That gave freer rein to Mr. Casey's taste for secret operations, as well as to those of subordinates whose energy and daring appealed to him.

Chain-of-command considerations should weed out most of the more harebrained schemes that the cover of secrecy and the absence of accountability virtually always spawn.

A report on Mr. Webster's takeover of the CIA by Stephen Engelberg in The New York Times (11/7, Sept. 9) describes him as "not opposed" to covert operations. The steps he has taken display a healthy skepticism, nonetheless, and his voice could be a strong influence on the next president if he should recommend cutting back secret activities to intelligence-gathering alone.

A strong argument for this approach exists, not just in the long record of dubious, failed and disastrous covert operations, from the overthrow of Guatemala through the Bay of Pigs to the Iran-contra fiasco, but in the reasoned reflections of a former attorney general and undersecretary of state.

Nicholas deB. Katzenbach, who held those and other offices in the Kennedy and Johnson administrations, wrote in October 1973 that the United States "should abandon publicly all covert operations designed to influence political results in foreign countries."

In an article in the journal Foreign Affairs, he argued that secrecy had become too great an influence on foreign policy,

which itself was too oriented to "Cold War concepts of national security."

Mr. Katzenbach asserted that the disasters of Vietnam and Watergate had made it clear that foreign policy, to be effective, "must be based on policy and factual premises which are accepted by the overwhelming majority of the American people." The truth of that has been demonstrated once again by the Iran-contra disclosures, which have brought "confidence in the honesty and integrity of both the president and the presidency" to another low point of the kind that prompted Mr. Katzenbach to write his article 14 years ago.

Nothing was done, unfortunately, to carry out Mr. Katzenbach's recommendations that there be no further "secret subsidies of police or counterintelligence forces, no efforts to influence elections, no secret monetary subsidies of groups sympathetic to the United States, whether governmental, nongovernmental or revolutionary." If such activities had been banned, and secret operations overseas confined to "the gathering of intelligence information," there could have been no Iran-contra scandal. The contra could not have been secretly organized and funded, as they were by the CIA at first, nor could they have been maintained later by the lies, deception and trickery of adventurers on the National Security Council staff.

U.S. servicemen are risking their lives in the Gulf, moreover, primarily to redeem the loss of American credibility and influence in the region caused by disastrous "covert operations" in Iran.

The New York Times.



By Submarine to the Titanic: A Quest for Pieces of the Past

By William F. Buckley Jr.

BOARD LE NADIR — It was unmistakably a man's outdoor walking shoe, and it appeared as if being exhibited by Abercrombie & Fitch from a painting by Salvador Dali. Beneath the shoe and surrounding it was bright yellow sand. A few feet to the right, a teacup, glistening white; no saucer. And sprinkled here and there, as if to keep a tablecloth from being buffeted by the wind, chunks of black

screens giving him a remote video view of what lies immediately ahead. To his left are two more little video screens, one of them indicating the full-view action of the prosthetic arm whose manipulation permits the Nautilus to recover artifacts as dainty as a brooch. Each item is extracted with the precision of a surgeon's scalpel, and inserted into the submarine's marsupium or, if too bulky, identified with a floating flasher, to be brought up later in a basket made buoyant by plastic corks.

My job, as "observer," was constantly to strain my eyes to the right, lest we glide by the objective, and to direct the attention of Georges to any object I thought especially interesting. My problem at first was that I found everything especially interesting, which would not have been the case after six weeks of diving. (It is too fatiguing for the same divers to go down on successive days; it is one day off, two on.) Soon, however, I came to know when to bid legitimately for the attention of Georges and when simply to think "Forget it. Just one more teacup from the Titanic."

It is all being carefully husbanded, scrubbed and put back in saltwater tanks for preservation. A French nanas was the ship's engineers, who fought bravely below to maintain electric power on the great decks above them.

We stopped to fetch the teacup. By common agreement, the expedition's entrepreneurs have decided not to excavate personal articles. But if you pick up (as we did) a pocketbook, open it, and find inside a woman's wristwatch, you do not toss the wristwatch out.

The foraging resumed. We aboard the \$20 million French miniature submarine Nautilus were looking for three specific objects, previously photographed: a man's valise, a part of a leaded window missing from the larger window now reconstructed, and the loose-lying control levers that had fallen from the bridge from which Captain Edward Smith had ordered the engines to shut down after the iceberg was hit.

"Turn to 130 degrees, then go for 60 meters," the voice from the radio came in, giving the instructions of the navigating coordinator aboard the mother ship, the French vessel Nadir, two and a half miles (four kilometers) above us. Georges, the senior pilot, lying on his chest, reoriented the little sub in the indicated direction and we crept noiselessly forward, a yard (about a meter) above the yellow sand. The co-pilot, Pierrot, sat on his little chair. He looked through his porthole, the top of an isosceles triangle at the base of which are the other two portholes. And in front of him, just beyond the porthole, Pierrot has two small television

screens giving him a remote video view of what lies immediately ahead. To his left are two more little video screens, one of them indicating the full-view action of the prosthetic arm whose manipulation permits the Nautilus to recover artifacts as dainty as a brooch. Each item is extracted with the precision of a surgeon's scalpel, and inserted into the submarine's marsupium or, if too bulky, identified with a floating flasher, to be brought up later in a basket made buoyant by plastic corks.

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LETTERS TO THE EDITOR

Another Natural Antibiotic

Regarding "Scientific Sleuth and a Frog Solve a Medical Mystery" (July 31): I have read your most unusual account of Dr. Michael Zasloff's remarkable discovery of magainins, the powerful natural antibiotic in the skin of the African clawed frog. I would like to tell of another dramatic natural antibiotic that I have used in my 40 years of surgical practice: the extract of the hlooms of the fuchsia plant. I first learned of this medication through the chief of surgery of the Fitzsimmons Hospital in Denver, once the largest U.S. Army hospital in the world. Two or three mastoidectomies had customarily been performed every day on boys from camps of the Civilian Conservation Corps, a New Deal program, but after several days of using a fuchsia solution in infected ears, no more mastoidectomies were performed at Fitzsimmons. I watched the colonel use this substance on acute tonsillitis patients and the problem cleared up in several days, as did grossly infected wounds. The colonel was transferred to 1941 and

The Rickover Reform

The pathetic ignorance of the average American high school student is not a new phenomenon ("U.S. Report Warns of 'Startling Gaps' in Humanities Learning," Sept. 1). The late Admiral Hyman Rickover was sounding the same alarm more than 30 years ago. I once heard him propose an obligatory first step for any meaningful educational reform: Take all the colleges of education in the country and put them under 40 feet of water! KARL H. RAAB, Lille, France.

The Tiger Still Has Teeth

After perusing Leonard Koppett's opinion column, "Princeton: A Toothless Tiger Is Shot Down in Academia" (Meanwhile, Aug. 26), I decided that two great institutions, Columbia (of which he apparently is an alumnus) and my alma mater, Princeton, deserve more respect than was delivered by his article, which I found sponorous. I would be most interested in knowing what courses Mr. Koppett took at Co-

How to Escape a Quagmire

In "Afghanistan: The Resistance Was an Opportunity" (Aug. 18), Barnett R. Rubin says, "Moscow may be considering new ways to extricate itself from this quagmire." What new ways? Only one exists: Get the hell out in a hurry. WILLIAM PASSIGLI, Tenero, Switzerland.

Consensus Needed in Gulf

The Western "expeditions" into the Gulf cannot but cause great concern. To permit this spirit of confrontation to ferment, perhaps reaching a bloody stage, will only exacerbate the hateful atmosphere in Iran. Furthermore, it will crush the embryonic moderate wing in the Iranian leadership. The best solution is to develop further a world consensus that condemns the Gulf war. Regional powers such as Syria could try to persuade Iran, in its own interest, to relinquish its confrontational attitude and change its ways. FADI K. AGHA, Ramatuelle, France.

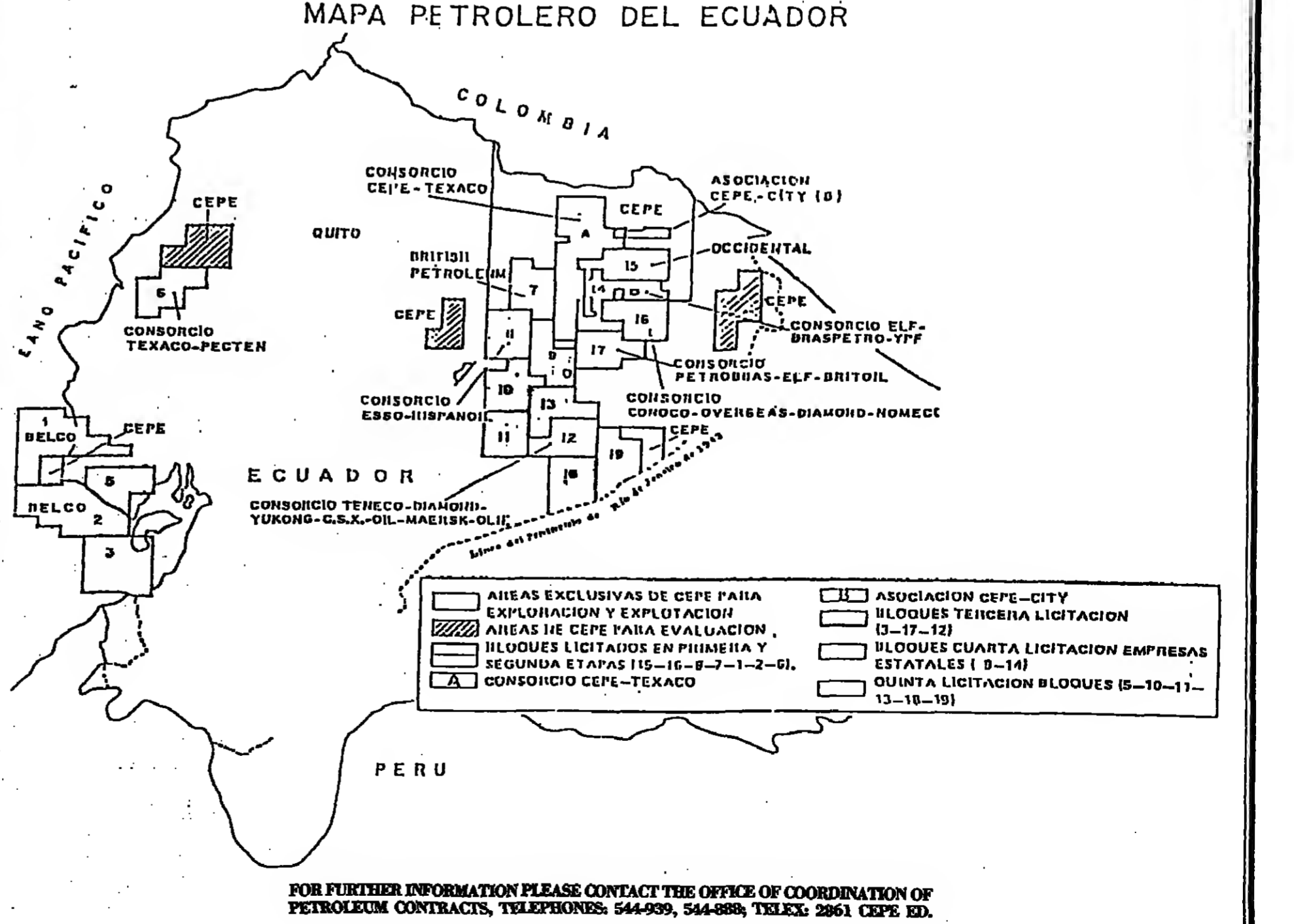
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Doctor Fernando Santos, Ministro de Energía y Minas

ECUADOR MAKES FIFTH CALL FOR OIL TENDERS AND FULFILLS ITS HYDROCARBON EXPLORATION AND EXPLOITATION GOALS

In August 1984, the Government of Ecuador, presided by its Constitutional President, Ing. León Febres-Cordero Rivasdeneyra, established petroleum policy guidelines with regard to the exploration and exploitation of hydrocarbons. Executed by the Ministry of Energy and Mines, the guidelines set out the following main objectives: — To explore, through foreign companies, a land area of 4 million hectares, two and one half million of which are located in the Amazon region, and one and a half million On-Shore and Off-Shore, in order that, in the next four years, Ecuador may renew its potential of known reserves by approximately two billion barrels. The minimum amount of investment required amounts to 400 million dollars for 50 exploratory wells and twenty thousand kilometers of seismic lines. — To develop, through the Petroleum Corporation of the Ecuadorian State (CEPE), exploration activities in an area of one million hectares located in areas close to the transportation infrastructure of the Amazon region, the goal being the discovery of new reservoirs with a capacity to produce at least 500 million barrels. Since 1984, when this policy was announced, the objectives mentioned have been fulfilled up to 75% after having completed successfully four calls for tenders. Eleven contracts for the lands for the exploration and exploitation of hydrocarbons have been signed and the exploration of 3 million hectares by CEPE has been carried out. Investments secured by means of the subscribed contracts amount to 300 million dollars, which shall be used for the perforation of 46 exploratory wells and 16,000 kilometers of seismic lines. British Petroleum, Occidental and Conoco, presently in the phase of perforation, have already discovered fields of crude oil which will be developed in the next few years. CEPE is perforating 5 exploratory wells and has built 2,000 kilometers of seismic lines during this year and detected commercial oilfields in northeastern Ecuador. At the present time, after four Calls for Tenders, 21 foreign companies associated in consortiums have invested in the country. The operators are: OCCIDENTAL, BELCO, ESSO, BRITISH PETROLEUM, TEXACO, CONOCO, TENNECO, BRASPEIRO, ELF and PETRO-CANADA, which is an authentic proof of the interest in the search for petroleum in Ecuador and of the confidence in the political, economic and contractual conditions which the Government of Ecuador has implemented in the contracts for services for the exploration and exploitation of a hydrocarbon. In June of the current year, the Fifth Call for Tenders was made, the purpose being to fulfill the goals set by the Government of Ecuador with regard to exploration. This Fifth Call for Tenders, the last one under the Government of President León Febres-Cordero, has called for tenders for five blocks in the southeastern part of the Ecuadorian Amazon region and one block On-Shore. The location of these blocks are indicated on the adjoining map. The Government of Ecuador considers this last call as one of the most important in the contracting process as it shall evaluate half of the Amazon Basin, with its great hydrocarbon potential, and integrate the petroleum transportation infrastructure of the entire basin. Considering the conditions of economic and political stability in Ecuador, the clarity of the rules governing contracts, the equilibrium of profit sharing of the oil exploitation between the Ecuadorian State and the foreign enterprises as well as the oil potential, the Government of Ecuador trusts that this Fifth Call for Tenders will be of interest to a great number of oil companies and lead them to present their tenders on October 15, the last day for the presentation of same for the Fifth Call.



FOR FURTHER INFORMATION PLEASE CONTACT THE OFFICE OF COORDINATION OF PETROLEUM CONTRACTS, TELEPHONES: 544-939, 544-888; TELEX: 2861 CEPE ED.

NYSE Most Actives table with columns for stock symbol, volume, high, low, and change.

Market Sales table showing NYSE 4 p.m. volume, NYSE adv. comp. close, and other market statistics.

NYSE Index table with columns for High, Low, Close, and Change.

Thursdays NYSE Closing Via The Associated Press logo.

AMEX Diary table with columns for stock symbol, close, and change.

NASDAQ Index table with columns for Close, Change, and Year.

AMEX Most Actives table with columns for stock symbol, volume, high, low, and change.

Dow Jones Bond Averages table with columns for stock symbol, close, and change.

NYSE Diary table with columns for stock symbol, close, and change.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, and Total.

Dow Jones Averages table with columns for Index, High, Low, Close, and Change.

Standard & Poor's Index table with columns for Index, High, Low, Close, and Change.

NASDAQ Diary table with columns for stock symbol, close, and change.

AMEX Stock Index table with columns for High, Low, Close, and Change.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Rises in Active Trading

NEW YORK — Prices on the New York Stock Exchange moved higher Thursday in active trading, responding to gains in the dollar and in the bond market. The Dow Jones industrial average advanced 26.78 to 2,576.05.

before the Dow slides back to 2,550, or even below that level. Economists have estimated that Friday's report will show a U.S. trade deficit of \$15 billion to \$16 billion in July.

Analysts said the market continued to derive support from a strengthening dollar and from higher bond prices. But they added that many investors were reluctant to buy aggressively in advance of Friday's scheduled report on the July U.S. trade deficit.

Mr. Wojniak said that the Fed is likely to raise its discount rate again in 1987 and once more in early 1988 before rates stabilize. A week ago the Fed boosted the influential discount rate, charged on loans to financial institutions, to 6 percent from 5.5 percent.

The market gave a pretty good account of itself," said Hildegarde Zagorski, analyst at Prudential-Bache Securities Inc. But Ms. Zagorski said that the gains were "a technical reaction" to the market's recent slide. She said stocks could gain ground for a couple more sessions.

National Semiconductor was third, rising 1 1/2% to 17 1/2, and Motorola climbed 1% to 65 1/2. Smith Barney raised by recommendations on both stocks.

Large table of stock prices with columns for 12 Month High, Low, Stock, Div. Yld. P/E, 52 Week High, Low, and Close.

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Vertical advertisements on the right side of the page, including 'And Now', 'Paris', 'Beverly Hills', 'The Hazards of Film', and 'Arles Honors van Gogh'.



# TRAVEL

- Beer Halls in Rome
- Glassmaker in Caracas
- The Mosques of Cairo

International Herald Tribune

## TRAVELER'S CHOICE

### Up the Amazon, With Experts

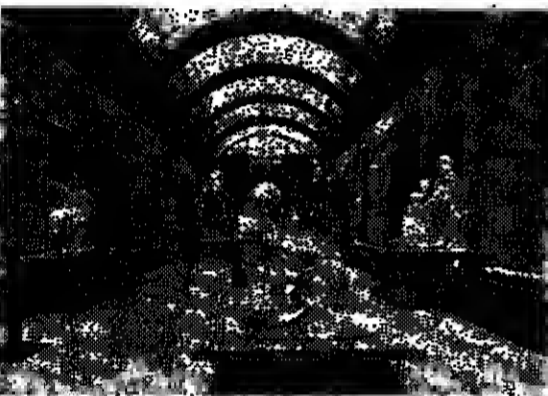
A Thousand Miles up the Amazon is the name—and the itinerary—of a cruise to be launched this fall by Special Expeditions. In a 10-day version of the trip, participants fly from Miami to the city of Belém at the entrance to the Amazon. From there they cruise on the river on the 80-passenger expedition ship *Polaris* to Manaus, with side trips on motorized landing craft. Naturalists accompany tours and help identify the exotic plants and animals of the rain forest. There are also trips that begin the ship portion in Barbados or fly to Manaus and reverse the route. Trips leave Oct. 13, 23 and 30 and Nov. 6. Prices begin at \$2,800. For information contact Special Expeditions, 720 Fifth Avenue, New York, N.Y. 10019.

### Seals and Science in Antarctica

For penguin and seal followers, cruises to Antarctica offered by Society Expeditions will sail from Santiago and head to the Antarctic Peninsula, by way of Patagonia, or the Falkland or South Georgia Islands. In Antarctica, passengers visit penguin colonies, seals and scientific research stations. Trips, which range from 15 to 24 days, depart from Nov. 11 through February. Prices start at \$4,990, including a flight from Miami to Chile. For information contact Society Expeditions, 3121 Elliott Avenue, Suite 700, Seattle, Wash. 98121.

### Paris Museums à la cARTe

A new pass called cARTe, costing about \$15, gains entry to more than 60 museums and monuments in the Paris area until the end of this year. The card also gets holders 5 percent discounts on books, catalogs and other items sold in the museums. Among the doors the pass will open are those to the Louvre, the Musée d'Orsay (pictured below), the Musée Rodin, the Catacombs, the Arc de Triomphe, Notre Dame and Versailles. The card can be purchased at any of the participating museums, or at the bank branches of the Crédit Agricole Mutuel d'Île de France. The program may be repeated next year, in which case the 1988 pass would be valid for a whole year.



### Beverly Hills Centennial Bash

Beverly Hills is getting ready for what Mayor Benjamin Stransburg, in true film industry parlance, says will be "the gitziest, most glamorous party the West Coast has ever seen." Starting next June, Beverly Hills will hold a yearlong celebration to mark the 75th anniversary of its incorporation as a city on Jan. 29, 1914. Each month of the celebration will be dedicated to a different country. So far, according to the Visitors Bureau, plans have been made for Japan, Australia, Mexico, Sweden, Finland, France, Britain, Spain and Italy to hold individual salutes to the city. The celebrations will include outdoor concerts, food festivals, art exhibitions, an international film festival and sporting events. Several hotels in the city have announced major renovation work. The Beverly Hills Hotel will spend about \$40 million this year on major refurbishing. The Beverly Hilton recently completed a \$35 million renovation and the Beverly Wilshire, which opened in 1928, has embarked on an improvement program that will be finished next February. For information contact the Beverly Hills Visitors Bureau, 239 South Beverly Drive, Beverly Hills, Calif. 90212.

### The Hazards of Film X-Ray

One of the problems facing air travelers is the X-ray scanning of photographic films at airport security checkpoints. There are ways to protect your photographs, and the National Association of Photographic Manufacturers offers the following advice: If you are traveling in the United States with regular consumer films (speeds up to and including ISO 400) you may subject them to no more than five X-ray examinations in order to be reasonably certain they will not be affected; if you are traveling with some of the new ISO 1,000 and 1,600 films, you should not subject them to X-ray scanning of any kind; for travel overseas, where the X-ray devices are, in most cases, far more powerful than those used in the United States, you should ask for your carry-on baggage to be inspected by hand, a request that may or may not be granted. One suggestion, by Dean Conger, a photographer for National Geographic, who has made hundreds of trips with thousands of rolls of film, is to place films in a clear plastic bag so that the inspector can see what is inside.

### Arles Honors van Gogh

Arles, the town that had Vincent van Gogh locked up in a mental asylum as a public nuisance, is finally honoring the painter after almost 100 years of neglect. The town has declared 1988 "Van Gogh Year" and it is turning the local mental hospital into an arts center and holding its first exhibition of the artist's works. Some people see the celebrations as making amends. "Old people in Arles whose parents heard tell of Van Gogh say he was treated like an alcoholic, foreign tramp," a tourist guide said. The town continued to shun his memory after he left. Reminders of his stay from February 1888 to May 1889—one of the most creative periods in his life—are almost nonexistent. Among the tributes in Arles, a local art group will be asking prominent living painters to donate art works for a collection in memory of van Gogh.

### Travelers' Medical Information

MediAlert, a nonprofit foundation, provides a card and bracelet or neck chain that convey medical information about the bearer and so could save a traveler's life. Identification packets are available for \$20 from MediAlert Foundation, either at Post Office Box 1009, Turlock, California, 95381, or Room 1812, 475 Fifth Avenue, Room 1812, New York, N.Y. 10017.

# Málaga: Easygoing, Much Invaded

by Mary Peirson Kennedy

MÁLAGA, Spain—On Aug. 19 Málaga celebrated the 500th anniversary of the incorporation of the city with the crown of Castile. It took the forces of the Catholic monarchs Isabel and Ferdinand little more than three months to defeat the Arabs who had been in power for 776 years. Ali Durdix, the chief who surrendered the city, stayed on to be head of the Moorish community, whose citizens dwelt peacefully for many years beside the Catholic conquerors.

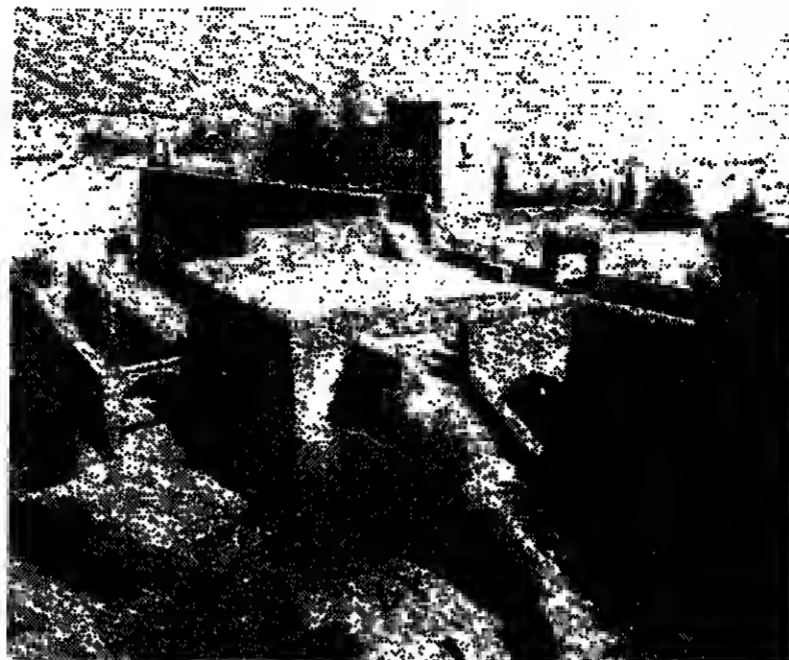
Easygoing and accommodating is how the Malagueños—surrounded by protective mountains and blessed with a seductive climate—describe themselves. Málaga's history has been dominated by invaders. Cro-Magnon tribes settled here in prehistoric times, the Phoenicians arrived in the 12th century B.C., the Romans gave it city rights in A.D. 81. The Visigoths, Vandals, Turks and Tunisians all thundered into Málaga and made it one of the most important ports on the Mediterranean. But the biggest influence of all was the Arabs, who brought a sophisticated culture and a love of the arts when they conquered the city in the eighth century.

After the desperate years following the Civil War, when Spain was shunned by Europe (and starvation raged), in the 1950s a new invasion began. The northern hordes of Europe descended upon Torremolinos, Fuengirola and Marbella to the west and Nerja and Torre del Mar to the east, finding a vacation paradise of sun and friendly people. Although the prices are higher, the beaches more crowded and the crime rate up, Málaga continues to be the capital of one of the greatest resort areas on the continent. After five centuries even the Arabs have returned, bringing with them their banks, mosques and petro-dollars. Málaga has always been more open to new ideas and cultures than the traditional cities of Andalusia such as Córdoba or Granada. The result of this, some feel, is that Málaga has no character of its own.

Not so, say others, "they are the friendliest people in all of Spain, the Malagueños have *duende*." *Duende* is hard to translate; Spaniards will say a thing, a place or a person has it, but that is all. The dictionary says, "mysterious and ineffable charm."

Critics will say the city has been spoiled by lack of urban planning, ruined by tourism, and that the friendliness is gone. The truth is probably somewhere in between. In spite of the many changes brought about by tourism, much has remained the same. Everyone still looks for the *biñagero* in the spring (the flower seller who makes and sells *biñagras*, a clever arrangement of jasmine artfully speared on juniper stalks).

Malagueños continue to be one of the largest consumers of fish in the country and while the *cañachero* (the fish seller) has disappeared from the streets his songs are remembered with the *saetas del cañachero* song fiestas. In spite of the law prohibiting



Some of Málaga hasn't changed: Top, the Gibralfaro ruins; right, a flower vendor; far right, a statue of the traditional fish seller.

their sale, everyone keeps right on eating *chanquetes*, a tiny fish in dire threat of extermination, but which fried in flour is simply delicious.

Every year on the first Friday in March at least 40,000 Malagueños make their pilgrimage on foot to kneel before the Cristo de Medinaceli, a venerated statue of Christ the Redeemer at the church of Santiago on Calle Granada—to ask for help or give thanks.

The old part of the city centers on Calle Marqués de Larios, from which spreads a web of tiny streets, many too narrow for cars. There is the cathedral that boasts of being the oldest unfinished cathedral in Europe, with a tower missing. The Granadinos say that if the cathedral was in Granada it would have been finished centuries ago, but here they just shrug their shoulders and laugh. Or they will remind Americans that once in the late 1700s they actually had raised the money for the tower and gave it to the Americans instead. They will say, "Isn't it better that you won your war

against England and we continue with *La Manzanilla*? (The imperfect one, the familiar name that Malagueños give their cathedral.)

It was started in 1528 in Renaissance style, but many architects had a hand in creating a temple of worship that also encompasses Gothic, Romantic, Roman and Baroque elements. It is sumptuous, with its soaring arches and magnificent works of art of many early Spanish painters and sculptors. Not far from here is the Museo de Bellas Artes that has some childhood drawings by one of Málaga's most famous sons, Pablo Picasso. These will eventually be transferred to the painter's birthplace on the Plaza de la Merced, which is being restored as a museum.

One of the most outstanding views of Málaga is at the top of Gibralfaro, a thousand-foot rock with fortifications and a palace, the Alcazaba, that was once the heart of Arab Málaga. One can take a taxi or a horse-drawn carriage to the top. The drivers of the latter manage to maintain a



leisurely pace in spite of the traffic, but set the price beforehand.

Once at the top of Gibralfaro one can retreat into the cool terraces of the government parador there, and while sipping a drink or dining gaze down at the port, the ships at sea, the cathedral, the bullring and the coast beyond the city.

This year is also the 90th birthday of the park in the center of town. With 160 species of plants, trees and flowers it is considered one of the outstanding such parks of Europe. Built on land reclaimed from the sea at the end of the last century, it is full of secluded little parks within the park and outdoor cafés. In the middle is the old Victorian city hall.

"Finally at the end of the 1980s we are pulling Málaga into the 20th century," said Dr. Pedro Aparicio, a Socialist who has just been elected to his third term as mayor of the city. (Unlike many cities where the Socialists lost votes in the last local elections, Málaga came on stronger than ever for its energetic young mayor.)

Naturally, Málaga, population 573,000, has its problems, but there seems to be an all-out effort to make things better. This year the completely refurbished Teatro Cervantes opened its doors, giving back to the Malagueños their long-absent and popular theater.

When the Socialists took over eight years ago, a top priority was to bring the arts back to Málaga. Today cultural events abound. The excavated Roman theater near the Alcazaba holds a yearly international theater festival.

The dates of the annual *ferias* were advanced this year to coincide with the city's anniversary. This is one of the wildest, gayest fairs in Andalusia, with flamenco dancing, pop groups, sporting events, top bullfights. And it paid homage not only to the conquerors but to those long-vanquished Arabs and their contributions.

Mary Peirson Kennedy is a journalist based in Spain.

## French Baker Learns From German Bread

AIX EN PROVENCE—Jacques Collet, boulanger, is standing in the middle of his tiny bread shop nestled in a tree-shaded square in the center of town. He picks up a round, golden crusty loaf of *pain de tournesol*, breaks it in two, sniffs, then grimaces.

"Not enough salt," he sighs, speaking more to himself than to the handful of customers crushed into the fragrant shop. The shelves are overflowing with breads

### PATRICIA WELLS

of all shapes and sizes, setting off a happy marriage of aromas, some pleasingly familiar, others too fleeting, or too subtle, to identify.

There are round breads and baguettes, compact molded breads bursting with oatmeal and barley, sunburst-shaped croissants packed with crushed sunflower seeds, humorous mushroom-shaped breads filled with,



of course, mushrooms, long breads packed with fresh Provencal herbs and tiny black olives.

On a counter set off to the side, customers pick up a simple yellow printed sheet, offering a long list of non-traditional French breads. It's the *Boulangerie du Coin* menu, listing the 65 breads that Jacques Collet has dreamed up, about 28 of which might be offered on a given day. You might call them designer breads, for each loaf is created with an end in mind, like the golden saffron and anise-flavored loaf designed as an accompaniment to the Mediterranean fish soup, *bouillabaisse*, or his pain *lité*, for the modern, sedentary Frenchman. Like the neighborhood *bistrot*, he offers a litany of daily specials: If it is Tuesday, you can be sure he's baked anchovy bread, as well as an unusual, pale-green bread fragrant with algae.

As one pursuing the most traditional of professions in tradition-bound France, Jacques Collet is a bit of a maverick. But by wisely combining modern marketing strategy with an understanding and respect for France's bread-baking tradition, this 33-year-old neighborhood baker has created a most successful business. And it seems that he has only just begun.

Some 10 years ago, after studying to be a judge, Collet was working in a bookstore when he and a friend decided to go into business. They rented a storefront, made croissants and pain au chocolat, and were off and running. Collet decided he liked the business, and knew that, if he was to succeed in the way he wanted, he'd have to do something different.

Perhaps because he lacked training as a traditional French baker, this son of a fabric salesman could see beyond the baguette. According to his way of thinking,

the Germans, not the French, made the best bread in the world. So soon he was off to Heidelberg, where a friendly baker took him in, shared secrets, let him bake and learn all there was to know about various grains, helping him distinguish the good wheat from the bad.

In 1981, in the very neighborhood in which he grew up, Collet set about building his own wood-fired bread oven, and began making baguettes. "It was then that I realized that bread-baking was one métier in France where, if you are willing to work hard, you can make a very good living, just by making baguettes and selling them to restaurants," he said.

But he was looking for more than a living. He devoted the first six months to being accepted as a neighborhood baker, slowly building a clientele. Once that was secure, he began making *jamais* breads, based on those he'd seen in Heidelberg, using grains and flours imported from Germany. In the beginning, he gave the breads away, as he tried to convince his traditional customers to warm up to his unorthodox shapes and combinations.

"I saw how hard it was for some people, especially those of my parents' generation, who had been traumatized by the war. All they could remember of the war was hunger, and when there wasn't hunger, there was black bread. I understand why today in France white bread is still the symbol of prosperity, wealth, the absence of war, while black bread reminds many of poverty, hunger, deprivation," he said.

Today, Collet owns two neighborhood boulangeries, with two more to open within the year.

What's best about the story, though, are the breads themselves. Collet may be in business, but he has a palate and high standards. Unlike many so-called health breads, which tend to be pale, heavy and often indigestible, his breads have a golden, finished, professional quality and robust, health-inspiring flavors.

Everything he's touched, though, has not turned to gold. Sometimes his creations are just too unusual for the 500 or so customers who make up the bulk of his clientele.

Once he created a mixed grain bread he called *pain tonique*, designed for the sports-minded Frenchman. It didn't sell. So he changed the name to *pain riche de Savoie*, and created a story to go with it.

"I began explaining that this was a traditional bread of the Savoy. That just before the farmers in the Savoy would go off on the journey to lead their cows to the mountain pastures in springtime, the housewives would make a wholesome bread filled with whatever they had in their larders, raisins and dried plums, a mix of nuts designed to give the men strength on their long trek. The bread took off, and people even began to tell me that they knew of the bread, that they'd seen it while vacationing in the Savoy, or that they knew someone's grandmother that still made the bread. But I can't lie, my customers are my friends, so once the bread actually became popular, I had to tell them the truth."

*Boulangerie du Coin, 4 Rue Bouleçon, 13100 Aix-en-Provence. Tel: 42.21.49.69. And 18 Rue Gaston-le-Saint, 13100 Aix-en-Provence. Tel: 42.23.18.63. Open 7 A.M. to 1 P.M. and 4 to 8:30 P.M. Wednesday, Friday and Saturday; 7 A.M. to 8:30 P.M. Tuesday, Thursday and Saturday. Closed Monday.*

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TRAVEL

Cairo's Moslem Past — and Present

by Philip Mansel

THE mosques of Cairo are among the wonders of the Middle East. They are an artistic achievement as great as the relics of the pharaohs but far less celebrated.

The most interesting are in the old city, part of which is still surrounded by massive medieval walls.

The mosques have certain common characteristics. Like the city they are the color of dust. Crooked passages lead from the roof of the street into peaceful courtyard. Light bulbs hang from ancient wooden ceilings. Walls and windows are decorated with inlaid marbles and mosaic.

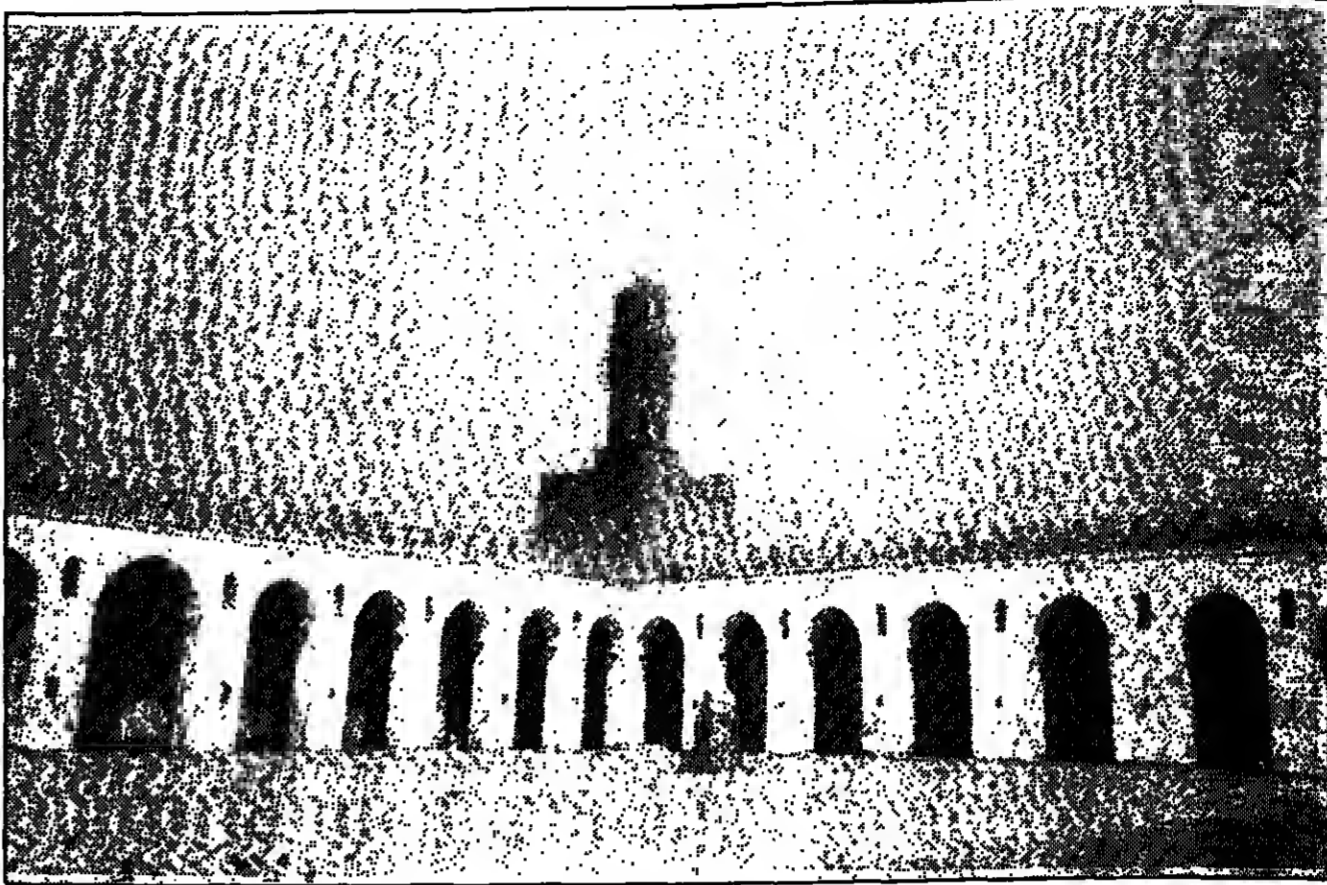
The mosques present a combination of restoration and collapse characteristic of Cairo in the 1980s. A ravishing blue and gold ceiling, just restored, looks down on crumbling walls. Some mosques are tied into the life of the city, as they have been since their foundation, and are above shops selling pickles and parsley. Others house hospitals, schools or homeless families whose washing hangs in the courtyards. On the whole, however, although it is advisable to carry small bills with which to placate the guardians, the mosques are islands of peace. There are few visitors, except on Fridays when they are full of worshippers.

Most of the mosques were built in the period from 1250 to 1517 when Egypt was ruled by the Mamluk Sultans. Since much of the trade of the Mediterranean passed through Egypt, they were rich and maintained a court of unrivaled luxury and formality. Each sultan wanted to build a mosque, a school or a mausoleum that would commemorate his name and achievements (and since the throne was rarely hereditary) provide jobs for his descendants. Hence the concentration of mosques in Cairo.

They are so fascinating that it is hard to know which to single out. In the Citadel the Mosque of Mohammed Ali, with its Ottoman minarets and dome, brings an echo of Istanbul to the Cairo skyline. The Mosque of Sultan Hassan near the Citadel is the grandest and most famous. Beside it is the mosque of Sidi el-Rifai, whose late 19th century interior contains splendid royal tombs.

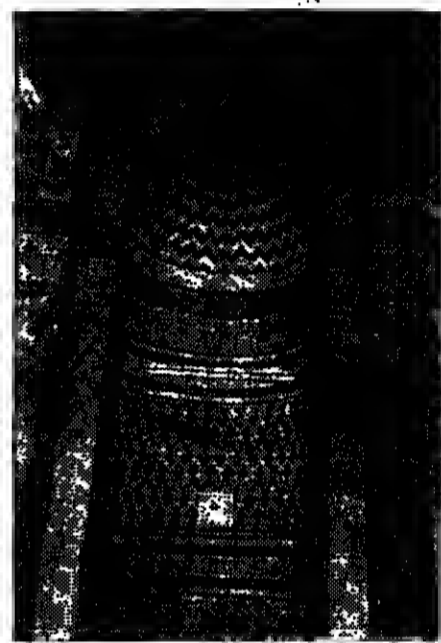
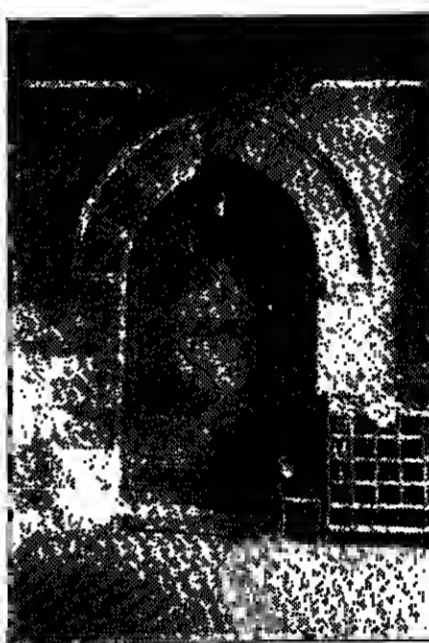
A street of mosques, the Sharia el Mu'izz li din Allah goes from nearby to the Bab el-Futuh, the Gate of Victory, built in 1087. One of the most beautiful of the mosques there is that of Sultan el-Muayyad. The sultan, who reigned from 1412 to 1421, built it on the spot where he had been imprisoned as a disorderly young Mamluk. He kept down the price of bread (still a problem in Cairo today), gave enjoyable drinking parties and, according to Sir John Glubb, was "more moderate than most sultans in imprisoning or executing his opponents."

The entrance passage goes past his tomb, which is below a dome of great beauty. It then leads into a sanctuary with high stilted arches, decorated with marble panels facing an enclosed garden. The minarets are detached from the mosque and are on either side of the Bab Zuwayla, one of the most



impressive city gates in the world. The last of the Mamluk sultans, Tuman-Bay, was hanged from the bottom of the left minaret in 1517 by the Ottoman conqueror of Egypt, Selim I.

The mosques are islands of peace in a chaotic city. Top, the Mosque of Caliph al-Hakim. Below left, the entrance to the Mosque of Sultan el-Muayyad and, right, wall decoration from that mosque.



Philip Mansel is a writer and historian. His latest book is "The Eagle in Splendor: Napoleon and the Court," published by George Philip in London.

THE FREQUENT TRAVELER How to Use Cruise Ships For Business, Pleasure

by Roger Collis

ONE of the best kept travel secrets is out — cruises are in. And cruises are not just for the elderly and well-heeled with oceans of time, but for harassed business travelers on a modest budget who are looking for short breaks in the sun, especially in winter, and maybe combining a business trip with vacation.

Cruises, especially fly/sail/stay packages, offer the best value for the money in travel today. There is a smorgasbord of options from almost anywhere in the world. For example, a seven-night Caribbean cruise with a round-trip flight from London to Miami with a hotel at each end starts at £885. A 15-night cruise in January from Southampton to Fort Lauderdale with a return flight back to England costs about £1,000.

A 13-day luxury cruise in the Mediterranean next spring with round-trip flights from any city in the United States starts at \$3,195. You can fly from London to Hong Kong (three nights in a hotel), cruise for 12 nights to Bangkok (three more nights in a hotel) and fly back to London for £1,612, about the same as the business class fare. If you sail the QE2 either between Southampton (or Cherbourg) and New York, you can fly back free. Sail first class and you can fly the Concorde home.

When you consider that meals, sports and entertainment are included in the price — the only extras are tips, liquor at shipboard prices and excursions — it is hardly surprising that cruises are popular. I don't know of any five star hotel that provides full board for \$90 to \$250 a day with a flight thrown in. And providing you plan ahead, most packages offer all the flexibility you need. For example, you can use your ticket to fly out before or stay on after the cruise to do business.

Quite possibly this is the most exciting period in the cruise industry that we've seen for 20 years," said Richard Platt, director of sales, Europe, of Kloster Cruise, which operates Royal Viking Line and Norwegian Caribbean Line. "The curve is steepening, especially for fly/cruise in places like the Caribbean. To such an extent that British Airways is starting a scheduled service to San Juan this autumn specifically for cruise passengers in and out of Puerto Rico."

"The one hot area is the Caribbean. On Saturdays you'll see 12 to 15 cruise ships sailing from Miami," said Brian Horton, a sales consultant for Royal Caribbean Cruise Lines, a Norwegian company. "We have four ships operating there and have a new one being built — Sovereign of the Seas, 74,000 tons carrying 2,300 people, which will start cruises in January. Five new ships will appear next year in the Caribbean."

"The big story is a surge in demand for the Mediterranean and Europe in 1988 special-

ly from Americans," Platt said. "And there is growing confidence in the industry. We have ordered two new ships, one for Royal Viking, which will be the most luxurious ever built, 36,000 tons and carrying only 740 passengers, and a new design ship for Norwegian Caribbean. We've only just scratched the surface of the cruise market. It has completely shed its old-fashioned image."

"Cruising developed a very down-market image in the United Kingdom," said David Dingle, marketing director of Princess Voyages (Princess Cruises in the United States), part of the P & O group, in London. "This was because many of the old ocean-going liners, which were converted for cruises in the mid-1970s, were big ships with a lot of substandard accommodation. But in the last two years we have progressively developed a younger market, people in their late 30s and 40s."

One way to find the right cruise is to get a copy of Berlitz Cruise Guide, which rates all the cruise ships in the world, the facilities they offer and the kind of passengers you can expect to meet.

Meanwhile, here are a few fly/cruise packages. Prices are per person, double occupancy.

• Canbera Cruises. An eight-night cruise in the Mediterranean (Nov. 14-22). Sail from Southampton to Lisbon, Madeira and Tenerife. One night in a hotel before flying to London: £645 to £925. The World Cruise (Jan. 5-April 15). Embarking and returning from Southampton is split into five segments with 18 fly/cruise options. For example, sail Southampton-Fort Lauderdale and fly home for £1,090.

• Royal Viking. A seven-day cruise from New York via Provincetown, Bar Harbor, Halifax, Quebec to Montreal and a seven-day cruise back (Oct. 10 and 17). The seven-day with flights from any United States gateway city costs \$1,844. The 14-day cruise, which includes two nights in a New York hotel, costs \$3,454.

• Royal Caribbean. A seven-day cruise to and from Miami via Labadee (Haiti), San Juan and St. Thomas. The package from any United Kingdom airport includes pre-cruise hotel night in Miami and day room before the return flight: from £885.

• Princess Cruises. A 10-night cruise up the Panama Canal. You fly from London to Los Angeles (overnight hotel), then fly to Acapulco where you join the ship for Panama, Curaçao, Martinique, St. Thomas and San Juan, then fly to Miami and back to London: £1,990 (\$2,320 from any city in North America).

• Silmar. A 10-day Caribbean cruise. Fly from London to Miami (overnight hotel), join the ship in Fort Lauderdale and then cruise to Nassau, St. Croix, St. Thomas, Montego Bay (Jamaica) Grand Cayman, Cozumel and back to Fort Lauderdale (hotel day room) and back to London: £1,130 (\$1,545 from the United States).

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Venetian Blown Glass — Made in Venezuela

by Elaine Dann Goldstein

CARACAS lies in a valley about 3,000 feet above sea level in a coastal range on the Caribbean. Residences cling to the hillsides, and small planes swoop like dragonflies between the mountains to land at an airport in the center of the city. The climate is usually spring-like, and on one such balmy day we drove along the Via la Mariposa to the mountain suburb of Potrero for a visit to the lost Arte Murano glassworks.

These glassworks, whose delicate products have been exhibited in Europe, Canada and the United States, could have been plucked intact from the Venetian Lagoon: The ovens, methods and products are identical.

In the 13th century the Venetian glassworkers were isolated on the island of Murano to protect Venice from the frequent fires caused by

the intense heat of the furnaces and to prevent the theft of the secret of making crystal-clear glass. It was the clarity of Venetian glass plus its ability to be blown into any shape that made the secret so highly prized; escaping from Murano was punishable by death. In the 16th century some workers, given permission to travel, established workshops in other countries, but those glassworks have long since disappeared.

Glassworks in the Murano style are still rare outside of Italy. Jessie McNab, associate curator in the department of European sculpture and decorative arts at the Metropolitan Museum of Art in New York, says that lost Arte is the only factory that she's heard of producing this glass in the Western Hemisphere.

Bruno Ava came to Venezuela from Italy 30 years ago, "looking," he says, "for new horizons." He married an Italian woman living in

SHOPPING

Venetian Blown Glass — Made in Venezuela

Venezuela and, "because it is cooler in the mountains," built his factory in Potrero. He started the lost Arte Murano with a dozen craftsmen, two of whom still work with him, and today he employs 70 to 80 people.

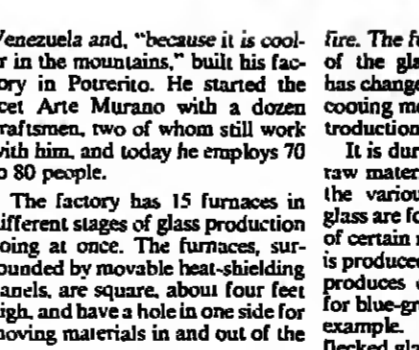
The factory has 15 furnaces in different stages of glass production going at once. The furnaces, surrounded by movable heat-shielding panels, are square, about four feet high, and have a hole in one side for moving materials in and out of the

fire. The furnaces are the only part of the glass-making process that has changed over the centuries, but cooling more efficient with the introduction of richer fuels. It is during the "cooking" of the raw materials in the furnaces that the various colors and types of glass are formed. With the addition of certain minerals a colorless glass is produced. Adding other minerals produces color: copper or cobalt for blue-green, and gold for red, for example. Aventurin, a copper-flecked glass; chalcedony, red with multicolored veins, and latticin, an opaque white glass, are all Murano inventions.

Except for the sand, the raw materials used in Venezuela are imported from Italy. The sand, or silicate, is the vital glass-making agent, and its source is a carefully guarded secret. Since the sand makes up 70 percent of the weight of glass, and importing it from very far would be costly, it is likely that the source is nearby.

The glass is entirely handmade by teams that consist of a master and two to four helpers. A half-dozen teams will be working at one time, making the full range of Venetian-designed glass pieces: figures, blown glass, stemware, chandeliers, beads and museum-quality art glass.

On the day we were there, Glasswork products on display.



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opaque glass was being worked by several teams. The elephant taking shape at one furnace was of solid glass. The master held a rod with a hlob of glass that forms the body. The glass must be at 2,642 degrees Fahrenheit to be worked, and it cools quickly. The helper added more glass from the fire to form the head; this was pulled like taffy into a teardrop shape to make the trunk, then snipped off with shears and formed with pincers. The master did the shaping while the two helpers heated different colors on long rods and applied the glowing glass to the body. The master quickly snipped, pulled and shaped each blob into ears, tusks, tail and legs. The animal took less than 15 minutes to complete. The finished elephant, heavy for its six-inch length at about 1½ pounds, had a red head with white tusks and its trunk, body and tail were black.

At a furnace near where the elephant was fashioned, a vase was being made of what was to be ice glass. A helper pulled out a hlob of molten clear glass affixed to a long thin pipe, cooled it briefly and handed it to the master. The master blew into the pipe, turning the blob into a bubble, which he elongated by twisting the pipe. The blown glass was cut with shears and shaped with tools for finishing. While the vase was still hot, the helper plunged it into a small sunken pool of water. A mighty hiss, a cloud of steam, and the vase emerged with its surface decoratively covered with cracks.

Adjoining the factory is a shop where the glassware, including the well-known clowns and jewelry made from the beads, is sold. A black, gold and white glass toucan was about the size of the elephant we saw being made, and costs about \$18. A set that includes a glass punch bowl, ladle and six mugs, all made of optic glass, with a subtle distortion of images seen through it, is about \$95, while a small optic pitcher is about \$20. A fruit bowl could be made with life-

size, colored opaque glass applied oranges, bananas and strawberries, which cost about \$6 to \$8 each. The art glass pieces run higher; a pair of streamlined doves made of glass that masquerades as stone are about \$220. Everything is packed for shipping and credit cards are taken.

To further the Italian theme, if you are hungry after your visit,



Elaine Dann Goldstein is a writer based in Long Island. She wrote this article for The New York Times.

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## TRAVEL

# A Small Country-House Inn In Heart of Wordsworth Land

by Leslie Bennetts

FROM the road — the same road once walked daily by William Wordsworth and such semipermanent house guests as Samuel Taylor Coleridge and Thomas de Quincey — there is no sign of Michael's Nook, only a narrow country lane winding up a hill through vivid green pastures dotted with sheep and wobbly-legged lambs.

However, those who make their way up the hillside near Grasmere, England, will come upon a stone gate bearing a polished bronze plaque that reads: Michael's Nook Country House Hotel.

Two hundred years ago, these hills were the home of a shepherd named Michael, who was immortalized by Wordsworth in a poem. More than a century ago, a Victorian industrialist built a mansion on the hillside, nestled under a stand of trees. He named it Michael's Nook, in honor of Wordsworth's shepherd.

These days the big ivy-covered stone house is still a residence, but one shared with travelers. It was purchased 20 years ago by a Grasmere antiques dealer, Reg Gifford, and since then it has become one of the better small country-house inns in England.

Nearby in the Lake District — arguably the most scenic region in all of England and

the inspiration for so much Romantic poetry — there are several better-known hotels, including Miller Howe, which overlooks Lake Windermere. While some of these hotels accommodate dozens of patrons every night in their dining rooms, Michael's Nook is more intimate, typically serving no more than 20 people each evening.

And in contrast to the larger hotels, it has more of the feel of an old-fashioned English country house; a Great Dane named Jake wanders through the living room, where overstuffed chairs are clustered around a fireplace, and a gallery of dog portraits and fox-hunting scenes line the forest-green walls of the bar. Also sharing the premises are a parrot named Sammel, two Chinchilla Persian cats named Tallulah and Smidgen, and a Russian Blue called Lara.

Gifford and his wife, Elizabeth, have created an atmosphere in which visitors feel more like houseguests than tourists in a commercial establishment. "You're living in someone's home, and enjoying all the nice things about this style of living," said Gifford.

Michael's Nook has nine double rooms as well as two new suites "built out of my old coach house," Gifford said. The bedrooms are each decorated differently, and one with a four-poster bed and yards of flowered chintz is particularly charming. The smallest room is postage-stamp-sized while the larger

of the suites has a terrace and a spiral staircase connecting the bedroom with a sitting room that has a view of the Cumbrian mountains. All the rooms are furnished with such amenities as sandalwood sachets in drawers, lavender in closets, bath herbs in the tub and a hairdryer in a bureau drawer.

The furnishings range from ornate clocks to gilt-decorated furniture to Gifford's collection of 18th- and 19th-century barometers to a 17th-century oak sideboard displaying an array of early Mason's ironstone. Elizabeth Gifford takes care of the flowers, including seasonal arrangements in the mahogany torchères flanking the living room fireplace.

The Giffords' hotel career was originally inspired by necessity. "I bought the house as a private home, and I wanted to stay living here, so the house had to sort of pay for itself," Gifford explained. "For the first six months it was traumatic — you felt people were invading your home — but now I'm just pleased they can come and enjoy the house and the garden, the furnishings and the food."

The chef, Andrew Eastick, formerly worked at the Dorchester in London; his wife, Nicola, is the pastry chef.

Breakfast and a five-course dinner daily are included in the price of accommodations, which ranges from about \$39 to \$190 a person a night. Among breakfast choices might be grilled tomatoes, mushrooms, egg-bacon and French toast triangles or kedgeree and marmalade with croissants, along with such staples as cereal, fresh juice, and coffee or tea.

For hikers or picnickers, the hotel will pack box lunches (each costs about \$10), a repast that could include wedges of pâté, cheese, bread and crackers, apples and oranges, salad and cookies.

Michael's Nook also accepts reservations for lunch and dinner from those not staying at the hotel. (Lunch, which is four courses plus coffee and petit fours, costs about \$30 a person, and dinner, five courses and coffee and petit fours, is about \$43.) Resident guests are requested to make their dinner selections at tea time as they peruse the evening's menu over a selection of scones and cream, shortbread and fruitcake.

The dinners begin with cocktails and hors d'oeuvres in the bar and move on to the seated meal in the dining room, painted a deep ruby-red and lighted from the crystal chandeliers and silver candelabras.

Menus change daily, but one might be offered a parfait of chicken livers perfumed with port and truffle, served with warm spiced bramble jelly and toasted brioche, then roast leg of lamb filled with prune and



Reg and Elizabeth Gifford with their Great Dane puppy and one of their cats.

apple stuffing, and finally a sticky toffee pudding with vanilla ice cream. On other nights, guests might dine on poached prawns (from Loch Linne) in a cream sauce enhanced with Drambuie and deep-fried sausage of Caspally cheese with a leak fondue, with sautéed calves' liver in shallot and cherry vinegar sauce or sautéed breast of duckling in a wild mushroom sauce.

Finally, when satiated diners drift from the dining room back to the bar, they are presented with coffee and petit fours.

The wine list shows some breadth among Bordeaux and Burgundies, but it thins out considerably elsewhere.

Several reasonable choices among the red wines include a 1982 Mercurie (\$21), a 1983 Parnand Vergeleses (\$32) and a 1981 Brunello de Montalcino (\$24). Among the whites, one might stay with Louis Latour's 1985 Macon Lugny (\$19) unless you want to head into the stratosphere. The wine service is caring, but the narrow cut-crystal glasses are more elegant than practical, particularly for the red wines.

Many visitors manage to walk off the evening's caloric onslaught by day, hiking through the meadows and pastures ribboned with stone walls or climbing up into the surrounding mountains, which have names like Silver Howe, Helm Crag, Stone Arthur, Heron Pike and Rydal Fell.

Those who prefer to travel by car will also find many places of interest in the vicinity. These include such literary landmarks as Dove Cottage in Grasmere, Wordsworth's home from 1799 to 1808 and the place where he produced most of his best work, and Rydal Mount, a few minutes away in Ambleside, where the poet lived from 1813 until his death in 1850. Also nearby are Wordsworth's birthplace in Cockermouth and his gravestone, alongside those of his sister, brother, wife and children, in the churchyard in Grasmere.

Not far away are Hill Top, the 17th-century farmhouse in Near Sawrey where Beatrix Potter wrote her Peter Rabbit books, and Brantwood, the house on the eastern shore of Coniston Water where John Ruskin lived for the last 28 years of his life.

Wordsworth described the Grasmere area as "the loveliest spot that man hath ever known," an easy idea to believe while gazing at the Lake District's fells jutting steeply upward on every side as the region's volatile skies cast brilliant patterns of sunlight and sudden shadow across the emerald landscape.

The driveway up to the house is lined with polished brass lanterns atop wrought-iron lampposts, and, on the far side of the wide green sweep of lawn, a white garden bench is placed under a stand of fir trees.

All over the grounds are flowers in bloom; in spring they range from drifts of daffodils cascading down banks to trees heavily weighted with pink magnolia blossoms to stone urns brimming with primroses, bluebells, tulips, pansies, narcissus and geraniums.

Although summer is the busiest season for tourists, the hotel is open throughout the year, with highlights of the winter season including a party at Christmas with carol singing on Christmas Eve and a roast turkey dinner Christmas Day.

There is another party on New Year's Eve, with a nine-course dinner featuring roast goose and such Scottish touches as haggis and neeps, smoked Scotch salmon and cock-a-leekie.

The village of Grasmere.

© 1987 The New York Times.



The stone house has 11 rooms for guests.

## Beer Halls in the Heart of Rome



The Birreria Tempera, founded in 1906.

by Ruth E. Gruber

ROME — It's a sultry summer night and the place is packed. Voices and laughter echo under the vaulted ceilings and cigarette smoke mingles with the humidity. Sweating waiters place foaming mugs of beer on scarred wooden tables. They stagger through the room under heavy steaming trays of wurstel, sauerkraut and goulash.

You could be in Germany. But you're not. Welcome to Rome, to the Birreria Tempera, one of the oldest and most popular of a growing number of beer halls in Rome.

Welcome, in fact, to Italy, where beer drinking has become chic and beer consumption has nearly doubled from the past decade.

Beer halls — birreria — are cropping up all over Rome, and more and more bars offer not only frothy tankards from the tap, but a selection of as many as two dozen different types of specialty beers, both domestic and imported. Where once it was sometimes hard to find local brands, small town supermarkets now display shelves full of Italian, Irish, German, Belgian and even Czechoslovak beers.

American beers are slated soon to join them.

According to Marco Peroni, spokesman for Italy's largest brewery, Birra Peroni, the shift toward beer drinking is due in large part to a fundamental change in the Italian lifestyle as well as to what he called an "identity crisis" in Italian wines, brought into high relief a year ago by a scandal in which people died after drinking cheap wine fabricated out of poisonous methyl alcohol.

"The lifestyle has changed a lot," Peroni said at the Rome headquarters of the brewery, which, founded in 1846, accounts for about one quarter of beer sales in Italy. More and more offices and shops stay open through the afternoon, he noted, rather than closing for the traditional *riposo*. "There's the so-called fast-food: people snack at noon for lunch, they no longer go home for a midday meal."

In addition, he said, "there's a trend to drink less alcohol, in part due to the environmentalist phenomenon. People want to drink more natural products."

"Above all," he added, "beer has over-

come the seasonal barrier. Traditionally, beer has been drunk in the summer, as a thirst-quencher. Now, people drink it year-round. It's a big change in consumer habits."

Italians still drink less beer than other Europeans, but the trend toward beer drinking has seen annual consumption jump from 12 to 13 liters per person 10 years ago to 20 to 21 liters today — still a long way below West Germany's record 150 liters per person, or even France's 50 liters.

At the same time, annual wine consumption in Italy has plummeted from 110 liters per person in the late 1960s, to about 73 liters today — a postwar low.

Advertising beer as a healthy, youth-oriented, and above all fun drink, helped the trend. Italy's 10 main beer producers, launched a joint advertising campaign in 1978 with TV commercials featuring one of Italy's most "in" stars, Renzo Arbore.

Common Market agreements also made it easier to import beer like Irish Guinness and Belgian Chimay, and Italian brewers began turning out their own specialty brands, with fancy labels, to compete.

You can get beer in virtually every bar or sidewalk cafe in Rome, and even in most restaurants and trattorias. Fast-food outlets and bright new sandwich emporia spotlight beer as the perfect drink for a faster, less traditional lifestyle.

The birreria, however, remain the real heart of Italy's beer-drinking culture.

They run the gamut, from high-tech beer and pizza parlors to traditional German-style beer halls specializing in sauerkraut, wurstel and similar dishes — with an Italian touch.

Trovarema, a weekly guide, lists more than 50 birreria or pubs — and there are many others. Fifteen years ago there were only a handful.

My favorite has long been the Birreria Tempera. It's on via di San Marcello, just off Piazza Santi Apostoli near Piazza Venezia and the Trevi Fountain.

Little has changed since I first started going there years ago as a student — except the lunchtime menu is more extensive and the quality of beer is better.

Founded in 1906, the Birreria Tempera is family-owned by Renato Tempera and his son, Fernando. Renato and his brother Giuseppe, who died last year, were almost liter-

ally born in the beer hall — their parents worked there and when they died, the two boys were adopted by the original owner, who willed them the establishment in 1952.

It occupies two cavernous, wood-paneled rooms with cream-colored vaulted ceilings decorated with old-fashioned paintings of rustic-style cupids and slogans extolling beer.

"He who drinks beer lives for 100 years," reads one slogan at the entrance near the big counter behind which waiters draw draft light or dark beer in three sizes of mugs.

Other slogans read, "Beer gives strength and health," "Drink beer in every season," and "Beer nurtures and refreshes."

At lunchtime, office workers crowd in for quick meals from the extensive cold buffet of salads and cold cuts or dishes like smoked pork chops or salt cod (*baccala*) that can be quickly heated, hamburgers and even a few pasta dishes. You can eat very well for \$7 or \$8, less than half the average minimum of a regular trattoria.

"We've remained a traditional birreria," said waiter Pippo Rinelli. "At lunch we have a lighter, more varied menu for the office workers who come in every day. But at night we carry on the classic birreria traditions. Naturally people are drinking more beer now. Today it's hard to find good wine that doesn't cost a lot of money. But you can't fake beer."

There are several other birreria near the Tempera. Across Piazza Santi Apostoli, for example, is another long-established beer hall, the Birreria Santi Apostoli. It's more upscale than the Tempera, with a piano bar, but also serves Peroni beer.

Around the corner, heading toward the Trevi Fountain, is a modern Birreria/Pizzeria. With its plate-glass picture windows and contemporary design and decor, it's a different world from the traditional Birreria Tempera.

There are several well-known birreria, too, in the famous shopping area near the Spanish Steps and Via Veneto. The Peroni recommends Birreria Albrecht on via Crispi, which specializes in Austro-Hungarian cuisine.

Ruth Gruber, formerly with United Press International, is a free-lance journalist based in Italy.



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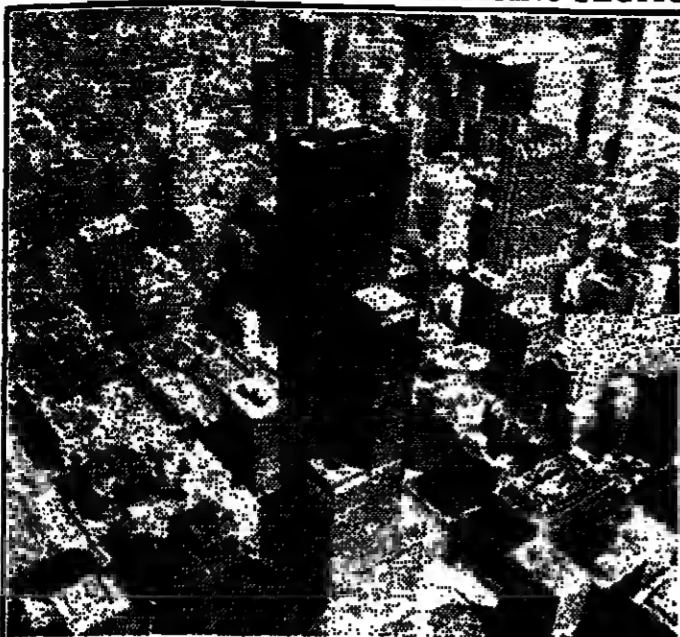
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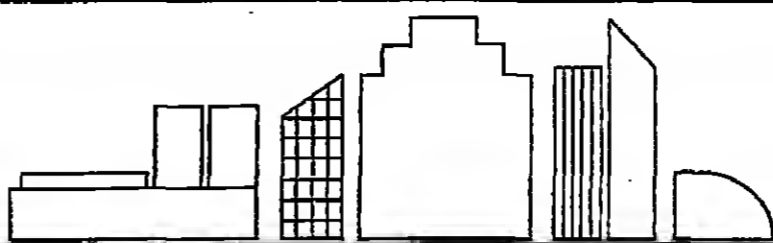
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Sears Tower, Chicago



# Trends in North American REAL ESTATE



San Francisco Skyline

## A Look at the Regional Markets

**F**OREIGNERS are attracted to America by the size of the market, their own strong currencies pined against a weak dollar and a lack of suitable markets at home.

European investors, especially the Dutch and English, were the first. Then came nouveau-oil-rich Arabs and syndicators. The most recent wave from the Far East may

prove to be the biggest yet. They should all be aware, however, that American real estate is not one market, but several.

### Boston

The Boston area is generally considered to be the most solid real-estate market in the United States today.

"The first thing that determines real-estate value is economic activity," notes Sheppard Davis, a director of Salomon Brothers.

Boston's high-tech economy is so hot, the only thing that can slow it down now is a labor shortage caused by lack of housing. Only this year did New York supplant Boston as the most expensive housing market in the nation.

Central Boston faces geographic and regulatory boundaries. These limits, plus the high absorption rate in office buildings currently on the market, should keep office demand strong for some time.

A recent study by Johnstown Institutional Investors ranked Boston the best apartment market for investors in the country. "Generally speaking, housing is very tight," notes Laurel Schreiber, sales

director for Stanmar Developers.

In residential Boston, however, there are still bargains to be had. "Some sections of the city have problems," Schreiber says, "because everybody jumped in at once. Some areas are overdeveloped and are suffering a glut."

Even at the luxury end of the market, older couples and young families quickly fill luxury condominium projects like Rose Wharf, The Heritage and Hampton Place.

Demonstrating the need for high-end housing, Stanmar developers have created a seller's market.

New York remains the Developers quickly sold out the first two buildings of The Farm, a development in suburban Newton. Ultimately, the project will comprise seven buildings of five stories each. Demand is so strong that by the time development is complete, some units may sell for over \$1 million, Schreiber says.

New York Like Boston, New York's geographic and regulatory barriers and financial capital of the world. "That will continue," predicts Sheppard Davis. "Although on the margin some companies are leaving, existing companies in New York are expanding."

The vacancy rate in its prime office market is correspondingly low, at about 11 percent. "New York City is riding the bull market," adds Dave Shulman, vice president for real-estate research at Salomon.

According to Dave Mach-

lica, director of real estate for Laventhol & Horwath, as new space becomes available, tenants move up, freeing space in Class B buildings. In February alone, 1.2 million square feet of office space were leased in Midtown Manhattan.

New York's suburbs, except for Northern New Jersey, are not faring as well. Long Island has a 13 percent vacancy rate. In Fairfield County, Connecticut, the average is 15.5 percent and higher in more expensive areas.

(Continued on page 14)

## Wall Street and the Globalization of Real-Estate Capital

**L**AST summer, the Wall Street investment banking firm of Goldman Sachs engineered the sale of 666 Fifth Avenue in New York for \$500 million. While this is hardly new, the amount of time it took — one month — was extraordinary. The deal is testimony to the accelerated real-estate market that Goldman itself has helped bring about.

Today the torch of real-estate investment has passed to Wall Street's number crunchers, investment bargain hunters and high turnaround artists. This, in turn, has meant the globalization of real-estate capital.

Salomon Brothers invented real-estate investment banking in early 1985. Unlike straight debt financings, it brings the full weight of Wall Street expertise to bear on property transactions. Instead of simply matching a buyer to a seller, firms like Goldman and Salomon also investigate public debt offerings (in Tokyo and London as well as New York) and European-based interest rate swaps.

Private investors still band together to buy and sell real estate or mortgages. But the new financing deals dip into world markets, pull together Eurobond shares, or reach out to a Japanese bank — wherever they can arrange the best deal for their client.

Timing has become crucial. Each day — or hour — means changes in market rates and mounting interest on the property. "By each passing day, a developer is losing his ability to finance or sell a property and say to himself I did it optimally," comments Steve Manolis, who heads the real-estate department at Salomon.

A typical Wall Street real-estate deal, such as the sale of a major San Francisco building last summer by Goldman, involves four steps.

Goldman first forms a deal team with a team captain, usually a vice president, calling

the plays. The team explores the local market, sometimes posing as prospective purchasers or renters.

Photographers and graphic artists help put a deal book together describing the building. Next the team selects a lender or obtains a property rating (if public financing is involved), probably from Standard & Poor's.

Using the deal book, Goldman representatives find out prospective clients. "We're in the market all the time," says Ken Brody, manager of Goldman's Real Estate Department. "We know everyone in the world's appetite."

In the case of the San Francisco building, the short list eventually narrowed to six insurance companies, three domestic banks and five Japanese banks.

After David Porter, a member of the deal team, traveled to Tokyo, the list narrowed further.

On August 15, Sumitomo Bank of Japan agreed to buy half of the building and Algeme Bank Nederland the other half. The third step, documentation, means putting the deal on paper. This can take over a month if government filings or other red tape is involved.

The final step, perhaps the most important of all, involves fine-tuning until the right financial mix is found. The fixed-rate alternatives involve a domestic public offering, medium-term note issue, a Eurobond offering and private placement. The other al-

ternatives are commercial paper or a LIBOR (London-based bond), both with an interest-rate swap.

"Our objective," says Goldman's Tom Hezley, "is to find financing, then to execute the transaction. It's not just knowing the markets. It's understanding real estate."

The individual investor might well wonder where he fits into the world of high-market real estate — especially since tax shelters and other investments in real estate are now fair game for the IRS.

Prior to 1984, when Section 897 of the Tax Act went into effect, foreigners could "play games with treaties to avoid

U.S. taxes," says Martin Shenkman, a Manhattan lawyer who writes about real-estate investments.

No more, Shenkman says. With the new limitations on deducting interest expenses and the new Immigrant Capitalization Rules, "All of a sudden, people who had no concern about U.S. taxes while owning property are going to be unpleasantly surprised," Shenkman says.

But overseas investors can take advantage of the new wave of Wall Street investing. Salomon, for example, offered three public REITs and MLPs recently. REIT stands for Real Estate Investment Trust, or a

group of investors looking for equity investments. REITs offer liquidity — like stock, the investor can sell at any time.

This liquidity has its pluses and minuses. It means the investor is not tied to any single property, only to the REIT itself, much like any stock offering. The Internal Revenue Service, however, considers it "active," or portfolio income, not passive income.

MLPs are Master Limited Partnerships, or publicly traded limited partnerships. Typically, these combine a large number of property holdings into one partnership. MLPs are actually made up of many smaller partnerships.

MLPs are one of the hottest real-estate investments on Wall Street right now. Investors should proceed with caution, however, because they may contain some bad property. There is also a risk that the

U.S. government will attack MLPs. The Internal Revenue Service objects to MLP trading like corporate securities, while not being subject to corporate taxes.

Foreign investors in partic-

ular are advised to consult American tax advisers before proceeding with any real-estate investment. "You need to have someone with day-to-day expertise," Shenkman says.

— Steve Weinstein

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ADVERTISING SECTION

Regional Markets (Continued from page 13)

Henry Gallin, vice president of Edward S. Gordon, a leasing agent, predicts Brooklyn will soon be competitive with the suburbs for office space. New York's other "outer boroughs" — the Bronx, Queens and Staten Island — already are upgrading their housing stock.

At less than 2 percent, apartment vacancies in New York are virtually nonexistent. The Johnstown survey ranks it third in apartment investment markets. But it is notoriously expensive to build in, and regulatory problems remain a headache.

Toronto

As part of the North American market Toronto has attracted foreign investors. In fact, "the New York of Canada," as Davis calls it, is currently the strongest market on the continent.

Raymond Zenkevich, vice president of operations for Winzen, a full-service real-estate company active in Toronto, predicts the market will pull back slightly. "Slow, steady growth," he says. "It won't go at the tremendous speed of recent years."

The Midwest

The region suffered worst from America's trade deficit, but, predicts Davis, "As the industrial heartland gears up again, property values will increase."

Chicago is poised for growth. Currently overbuilt, its diversified economy and booming capital markets will eat up space within a year or two, according to Davis.

Shulman is also bullish, though less sanguine. With 5 million square feet on line, "The vacancy rate is not all that good," he says. In the suburbs, the situation is even worse, with a 30 percent vacancy rate.

Florida

South Florida is still overbuilt, and the Latin American debt crisis haunts the market. But, Davis says, "Doing business in South Florida is pretty cheap, and the economy has diversified."

Certain areas of Miami, such as Key Biscayne, Coconut Grove and Coral Gables, are in demand despite over-supply, according to John R. Allen, an executive at Preferred Homes. North Miami, on the other hand, was quickly overbuilt, he says.

Central Florida is booming, thanks to new business relocation and tourist attractions. Fred Zinn, vice president of Genelefe, a new development 70 miles inland from Tampa, says many South Florida residents are relocating to Central Florida because of urban congestion. Growth is concentrated along Interstate 4 between Daytona on the Atlantic

Ocean side, and Tampa on the Gulf of Mexico coast.

Texas

Houston continues to be the nation's most extreme example of oversupply, with no end in sight. "Until present space is absorbed, it's very hard to be optimistic over the intermediate term," Davis says.

A few years ago, 17 million square feet of office space were going begging in Dallas; that's down to four million feet now. With a more diversified economy than oil-dependent Houston, Dallas will probably rebound more quickly than its rival to the south.

Claude Ballard, a senior partner at Goldman Sachs, looks fondly on the Lone Star State. "I happen to be a very big fan of Texas," he says, predicting the market will return in a few years to both cities.

Washington

The nation's capital is a boomtown, Davis says, but space and height restrictions limit new development. A newly diversified economy and expanding business in the suburbs should ensure continuing returns for investors in the area as a whole, however. The hotel market is overbuilt, according to Davis.

California

San Francisco's office glut continues. To the south, in Silicon Valley, 30 million square feet of high-tech industrial and office space lie idle.

But high-tech stocks began moving on Wall Street earlier this year, and Silicon Valley should rebound soon. "I'm becoming bullish on Silicon Valley," Shulman says.

In Los Angeles, Japanese investors are buying an already healthy market. Recent limits-to-growth initiatives in both Los Angeles and Orange Counties should also open up the office and residential market. — Steve Weinstein

Amenities: The Good Life Gets Better

IN the cutthroat world of real-estate development, the all-important criterion of "location, location, location," is taking a backseat to "amenities, amenities, amenities," and nowhere is this sales hook more clearly exploited than in New York City.

Eurostyle kitchens, marble baths and even 9-foot ceilings are already giving way to such follies as in-house credit cards, ballrooms and even chauffeurs' lounges. Sublime or just plain ridiculous?

"Our residents are used to having every imaginable convenience," says Julie H. Simpson, sales director at Metropolitan Tower. "They expect the best of everything and that's just what they get."

Boasting a chic West 57th Street address, Metropolitan Tower is located between Carnegie Hall and the famous Russian Tea Room. The 30th-floor residents-only Club Metropolitan and private health club accommodate every dining and exercise need. In addition to the 24-hour concierge, valet service and temperature-controlled wine cellar, there are some truly recherché services as well. Consider the on-premises parking garage with chauffeurs' lounge, top-floor observation deck and communications center that boasts the latest IBM computers, facsimile, telex/teletype, stock reports and news wire services.

Just behind Metropolitan Tower stands CitySpire, New York City's tallest residential building. Designed by Helmut Jahn, it was a celebrity in its own right even before completion. "CitySpire is a prime example of the ultraluxury condominium, offering top-quality luxury finishes and a unique amenities package," says Jim Stewart, director of

marketing for the West 56th Street residence.

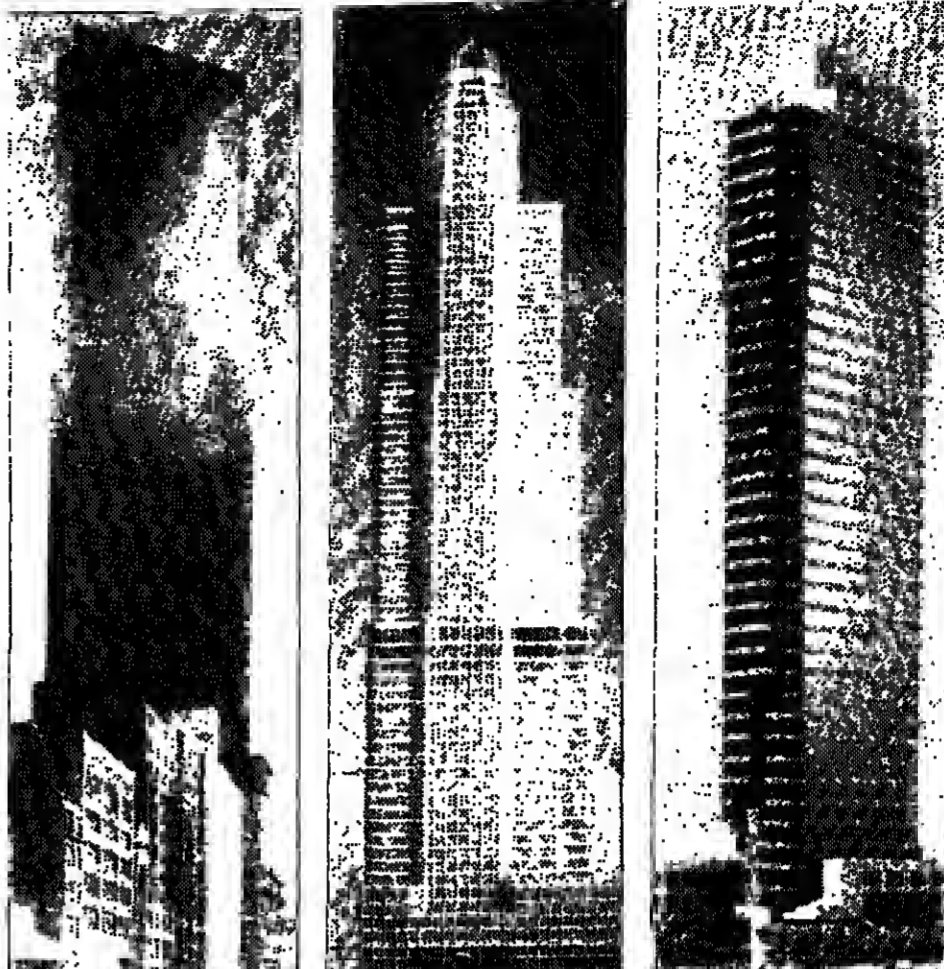
CitySpire's most exclusive amenity is undoubtedly the SpireCard. The personalized credit card entitles the tower's 340 residents to all the advantages of a hotel, club and charge card combined. In addition to baby-sitting, catering, exercise classes and translation, services include preferred seating at selected restaurants, priority consideration at Elizabeth Arden and even free delivery of The New York Times.

The SpireClub, CitySpire's unique duplex club, also offers a fully equipped Board Room for conferences and business meetings, a Health Club with 90-foot pool, butler-attended Lounge, Dining Room and Media Room with large-screen television, stereo and video. There's even a Billiards Room — the perfect antidote to a day of urban angst.

Another Eichner property, the Royale, boasts an ambience evocative of the great Edwardian hotels and turn-of-the-century "gilded cottages." A welcome addition to the congested East 60s, its garden entry court is staffed by Manhattan's newest gateman.

For the ultimate in effortless living, baby-sitting, laundering, flower delivery, chauffeur, maid and valet services are arranged through the in-house Swiss Hotel Service. But the Royale's proudest achievement is the second-floor entertaining suite and grand staircase, billed as a home away from home.

The first of three adjacent rooms is the Grand Salon. Attended by a butler, the club room features a serving bar, garden view and lovely decor by the architectural firm Voorsanger Mills. Next door, the formal Dining Room can



The sky's the limit at the Metropolitan Tower, CitySpire and Channel Club.

accommodate up to 30 guests, while the Conservatory with its grand piano serves as a ballroom/theater.

If proximity to Mayor Koch's riverside mansion sounds attractive, consider the Channel Club. Located in the Grand Square section of Manhattan, it offers such tranquil city pleasures as Carl Shurz Park, East End Avenue and even Henderson Place.

Behind its concealed balconies and oiled glass, the sleekly designed Channel Club houses New York's only on-site bed & breakfast — the 31-room Channel Inn. Totally renovated and redesigned by

Arthur M. Gensler & Associates, the Channel Inn is there to accommodate guests and friends.

The rest of the on-site service package includes a ground-level plaza, full-service bank, upscale supermarket and gourmet shop. For sheer indulgence, there's the Channel Spa health and recreation facility with its 40-foot glass-enclosed swimming pool, Nautilus weight and exercise facility, sauna and massage room. A Media Lounge and temperature-controlled wine cellar round out the offerings.

As long as the demand for housing remains high, devel-

opers will continue to lure residents with services far beyond the obligatory. Fanciful amenities can, after all, be attractive. But are they really amenities or just bargaining chips in the real-estate game? Ultimately, no matter how extraordinary the amenities package seems, it is paid for in the form of smaller units, secondary locations, inferior construction or simply higher prices. Nevertheless, in a city like New York, developers and buyers alike realize that any amenity regardless of price is well worth it.

— Phillip Mazzurco, editor of Manhattan Living.

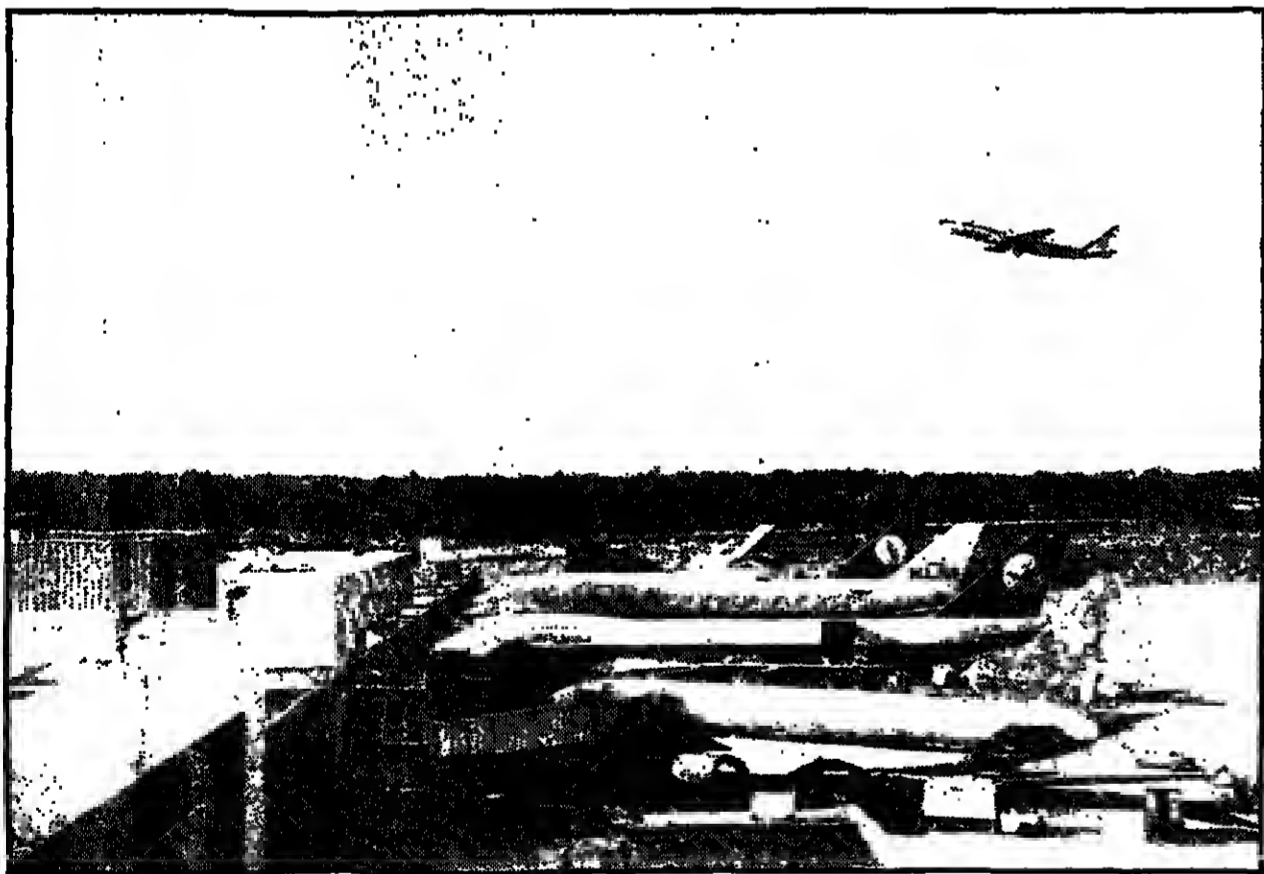
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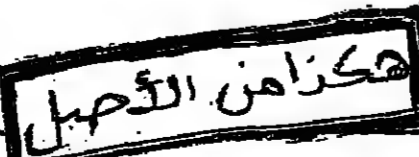
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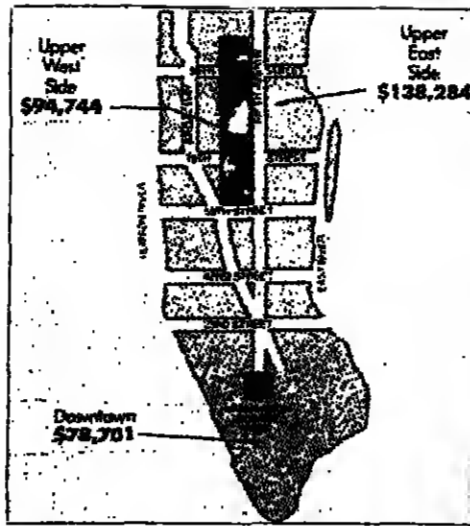
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ADVERTISING SECTION

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# And Now Featuring: The Loftment



Average per room condo prices from Upper East Side to downtown Washington Square (above). The distinctive lines of 100 United Nations Plaza (far left), Horizon's high-rise off First Avenue (left), and Trump Parc with its commanding view of Central Park (top), represent the summit of style.

If a movie critic were reviewing the Manhattan residential real-estate market for the first half of 1987, he'd probably give it thumbs up.

Despite higher prices, the number of units sold is up over the same period in '86. The one-year adjustable-rate mortgage was the preferred method of financing residences.

In the luxury co-op/condominium marketplace, prices throughout Manhattan rose 11 percent in the January-to-June period to an average of \$109,365 per room, according to The Corcoran Group, a New York City realtor. This figure is based on a survey of 412 sales made by the firm during that period. Just 10 years ago, the per-room average stood at \$18,000.

As usual, location played a major role in determining

how much an apartment could fetch. Between April and June of this year, the Halstead Property Company, another Manhattan realtor, found units within the boundaries of Second Avenue and East End Avenue and 79th and 96th Street, with a per-room average of \$66,653. Condos and co-ops along Fifth Avenue running between 59th and 96th Streets overlooking Central Park had the highest average, at \$313,720 a room.

As noted by the Corcoran survey, Manhattan's most expensive residential district ran from 641 to 965 Fifth Avenue, where three-bedroom units averaged \$2.14 million, breaking the \$2 million average price barrier for the first time.

While Corcoran found 29 percent of its sales in the first half of '87 to involve no financing, whatsoever — up

from 17 percent in '86 — a survey done of 10 leading city lenders by Manhattan Mortgage, a licensed mortgage broker, found that 92.2 percent of the co-op/condo buyers during the month of June favored adjustable-rate mortgages (ARMs). Within that group, 65 percent chose a one-year ARM. Only 5.3 percent of the borrowers wanted a 15-year fixed rate and 2 percent a fixed rate of three years.

ARMs are popular because "they're being discounted so much in the first couple of years," said Ellen Feldschreiber, a principal with Manhattan Mortgage. Add the New Yorker's tendency to move every four years or so, and the ARM works out cheaper than a fixed rate (held only four years), even if the ARM rises by its 2 percent

annual maximum all the way up to its cap, she noted.

Foreigners continued to play a role, accounting for about 2 percent of the sales for '87 according to the Corcoran survey. While this is down from 6 percent in '86, when overseas clients did buy, it was often in a big way. At Trump Parc, where a little over 50 percent of the condos have been sold to foreigners, a Japanese CEO combined seven three-bedroom units earlier this year to create a \$22 million apartment, according to Blanche Sprague, executive vice president of the Trump Organization.

Corcoran also found buyers during the first half of the year spending five months actively looking at 22 apartments before signing on the dotted line. That's up from '86, when

they spent only three months going through 18 apartments before purchasing.

"There's a lot of reasons why buyers are taking a longer time to decide," said Mary Rich Adams, senior vice president of ULI Realty, which specializes in buildings for investment. Rental apartments continue to be converted to condos and co-ops, and new buildings, mostly luxury apartments, are springing up everywhere. "There's a lot of product out there," she added.

Since 1984, some 20,000 new units have opened or are due to open. This spurt was caused by developers taking advantage of tax breaks under Rule 421A. To qualify, ground had to be broken before November 1985.

Some thought a condo glut would result from all the development, but so far it hasn't materialized. In the first half of '87, 3,373 condos (both new and resale) were sold, up 819 units from 2,554 in the same period last year, reported Bartlett Associates, a Soho realtor specializing in condos. Sales directors of new buildings also report strong sales.

Strong sales haven't been confined to just one area of Manhattan. Unlike in previous building booms, high-rises are going up all over the city. Since 1981, 10 new luxury condominium towers, containing over 1,900 apartments, have been started on the Upper West Side on Broadway between 67th and 97th Streets.

One example is The Copley at 68th and Broadway, where the condos range in price from \$333,000 to \$1.3 million. Since sales opened in April of last year, 92 percent of the 162 units have been sold, said sales director Darlene Krimecz.

The Bromley at Broadway and 83rd Street has enjoyed a similar success. Amenities such as a 20,000-square-foot health club have helped sell 94 percent of the 306 condos in just 16 months at prices ranging from \$150,000 to \$1.2 million, said Bob Ladapo, the project's sales director.

On Central Park South, where a new residential building hadn't been seen in decades, Trump Parc is nearing completion. A renovation of the former Barbizon Plaza Hotel, the entire inside has been redone, with the shell retained because "the outside was so gorgeous," said Blanche Sprague. Prices range from \$170,000 for a studio to \$4 million for three-bedroom units. After just six months, the building is already 90 percent sold without even a model apartment being opened, she added.

Another possibility on Central Park South is the Essex House. Since 1974, 160 of its hotel rooms have been converted to condos. These units are also sometimes rented by their owners, mostly corporations, for much less than current rates from the hotel itself.

A new neighborhood, being called Murray Hill East by some, is developing along First Avenue and the East 30s. The huge 853-unit Corinthian on First and 38th has been 50 percent sold in just seven months. Foreign buyers are attracted to the 57-story building, the Corinthian's Ned Seale explained, because of its proximity to the Midtown Tunnel leading into Queens. Prices run from \$198,000 to \$665,000.

Just across First Avenue on 37th Street is the Glick Organization's Horizon, where 40 percent of the 411 luxury condos have been snapped up since sales began last spring. Studios begin at \$198,999 while three-bedrooms command \$695,000 and up.

Farther downtown at 240 Centre Street is The Police Building, former police headquarters built in 1909, at the intersection of Little Italy, Soho and Chinatown, an area that hasn't seen new residences in years. Priced from \$380,000 to \$1.47 million, 10 of the 55 luxury co-ops have already been sold since the sales office opened in late spring.

Where once there was nothing but a landfill on Manhattan's southern tip, Battery Park City now boasts movie houses, restaurants, shops and a number of new condominium buildings, such as Liberty Court, taking shape. Located at 200 Recker Place in the shadow of the World Trade Center, the residence is attracting "a fair number of Orientals and some Europeans," said Liberty's sales manager Joe Remmes. Open since May, the condo is on its way to selling out, as are nearby Liberty House and Liberty Terrace, all three built by the same developer. Over 40 percent of Liberty Court's 549 units are spoken for at prices from \$135,000 to \$900,000.

Other loftments include L.M. Dalton's 84-unit Dalton on Greenwich, located at 303 Greenwich Street, and One Bond Street in NoHo, going up between Broadway and Lafayette Street.

Today they sell for \$500,000 to \$700,000. A survey by the Corcoran Group's downtown office found some apartments in excess of 3,500 square feet going for \$1 million or more.

Because lofts now attract the kind of buyers who used to look up town for space, hybrid apartments known as "loftments" are being developed. These units have the amenities of an up town condominium, such as a doorman, combined with the space of a loft. "They open the market," said Tony Zurino, a partner with Zuberly Associates, now in the process of developing the Petersfield. This eight-story renovated loft building, located at 4th Avenue and 12th Street, has 70 units priced from \$242,000 to \$555,000.

Other loftments include L.M. Dalton's 84-unit Dalton on Greenwich, located at 303 Greenwich Street, and One Bond Street in NoHo, going up between Broadway and Lafayette Street.

— Joe Catalano

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Table with 5 columns: 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA.

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Table with 5 columns: 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA, 12 Month High/Low, Stock, Div. Yld. PE, 3PA.

Individual Investor... as Market... WALL STREET WAT... Individual Investor... as Market... WALL STREET WAT... Individual Investor... as Market... WALL STREET WAT...

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 10th Sept. 1987

Large table listing various international funds with columns for fund name, currency, and other details.

Floating-Rate Notes

Table listing floating rate notes with columns for issuer, coupon rate, and bid/ask prices.

To Our Readers

Due to technical problems, some statistical data is missing from this edition. We regret the inconvenience to readers.

Currency Rates

Table showing various currency exchange rates.

Interest Rates

Table showing various interest rates for different currencies and instruments.

Be sure that your fund is listed in this space daily. Tel: Matthew GREENE at 613595 for further information.



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WALL STREET WATCH

Individual Investors Turn Cautious as Market Eases

By VARTANIG G. VARTAN
NEW YORK — How are individual investors coping these days with a bull market that seems to be gasping for its second wind? "Some of our retail customers are gun-shy and shocked by the sharpness of the recent decline," said John E. Joyce, manager of Merrill Lynch's Beacon Hill office in Boston.

People are confused and intimidated — that's the precise word — by wide daily swings in the market averages, said John Till, who manages a Fort Lauderdale, Florida, office for Shearson Lehman Brothers.

There is a definite sense of caution now on the part of the public. Tuesday's session offered an example of just how wide and unimpressive a swing in prices can be. The Dow Jones industrial average was down by 62 points at one time, before an afternoon rally trimmed the session's loss to 16.26 points, at 2,545.12.

Interviews with branch office managers of brokerage firms around the country indicate a heightened sense of caution among individual investors, many of whom are trying to preserve profits produced by the five-year-old bull market.

For the last 30 days, people have pretty much stood still — not buying or selling stocks, said Jerry Gettings, who heads the Prudential-Bache Securities office in Beverly Hills, California.

But if the Dow were to fall 200 points from here, they would get concerned," he said of his office's clients, many of whom are in the entertainment industry.

In addition to displaying a generally cautious mood, investors are described as hunting for higher-yielding securities, because many blue chips have climbed so high in price that they offer low dividend returns.

"We are seeing greater demand for electric utility issues, where yields have moved up," said Gary D. Hirata, office manager in Seattle for Smith Barney, Harris Upham & Co.

These stocks would include Commonwealth Edison, Houston Industries and Southern California Edison, whose yields range from around 7.5 percent to more than 9 percent.

AT SMITH BARNEY'S office in Orlando, Florida, Patrick J. Bufla has also detected demand for utility issues, including Cincinnati Gas & Electric, Dayton Power & Light, American Electric Power and Southern Co.

The average investor's attraction to utilities contrasts with the taste of many of the Wall Street professionals who manage hundreds of millions of dollars for institutional clients. These money managers, generally shy away from sectors that benefit from disinflation and low interest rates, are more likely to buy cyclical stocks and capital goods producers.

"Our typical clients are retired people, and they are growing increasingly worried over the rise in inflation," Mr. Bufla said. "Preservation of capital is a main concern and, accordingly, we have seen some buying in gold stocks and precious-metal mutual funds."

With tax-free yields now about 8 percent, municipal bonds also are attracting individual investors, according to Maxine G. Crowley, who manages Smith Barney's office in Bartlesville, Oklahoma.

Other branch office managers report that local stocks — especially the banks — have proved both popular and timely investments.

At First City, Dual Hopes of Redemption

Rescue Is Epilogue to Hasty Loans

By Thomas C. Hayes
DALLAS — The collapse of First City Bancorp of Texas resulted largely from management's reluctance to face facts on bad energy and real estate loans, analysts say.

The Federal Deposit Insurance Corp. pledged nearly \$1 billion Wednesday to rescue the state's fourth-largest bank company, which is reeling from losses. The FDIC will take a 15 percent interest in First City and give a controlling interest to an investors group headed by A. Robert Abboud, a former banking executive.

During the oil boom of the early 1980s, the big ambition at First City was to be the leading energy lender in the Southwest. Unfortunately, it came close to achieving that goal.

The bank's aggressive lending in the oil patch, most notably to oil-field service companies, resulted in the most rapid decline among Texas's six major bank holding companies when oil prices collapsed in early 1986.

"They were always very late in realizing what was going on around them," said Michael A. Rodrick, a banking analyst with E.F. Hutton & Co. in New York. "They seemed to deny their problems for a while," he said, even after other Texas banks had acknowledged them.

The collapse of First City has been hard on James A. Elkins Jr., its senior chairman and chief executive. Mr. Elkins, 68, has worked in the bank since his graduation from Princeton University in 1941, and has been the bank holding company's only chief executive since it was created in 1971.

Mr. Elkins's family stake in First City amounted to nearly 3 percent of the company's 34 million shares. His stock had plunged in value to about \$1.5 million, from \$38 million at its peak share price of \$41.25 in 1981. The stock fell to \$1 Thursday on the New York Stock Exchange, down 62.5 cents, after falling 25 cents Wednesday.

In 1956, his father, Judge James A. Elkins Sr., then a powerful figure in Houston politics and business, had bought the bank.



A. Robert Abboud, who was ousted from First Chicago Corp. for his unpopular views, plans to 'go on the offensive' in running First City Bancorp.

Abboud: The Conservative Maverick

By Robert A. Bennett
NEW YORK — A. Robert Abboud, whose career as a banker and financier has been long and stormy, is getting another chance to prove himself as he takes over First City Bancorp. of Texas.

Despite the continuing severe recession in Texas, Mr. Abboud said Wednesday in a telephone interview, he plans to turn First City into an aggressive lender to a variety of local businesses, including high-technology, agriculture and even energy companies. First City owns 62 banks across the state.

"This area has been buffeted by the energy fallout," he said, "but the question is, 'Do you sit down and wring your hands or do you get out there and do the job of reviving the local economy?'"

"We're ready to go on the offensive on day one," he said.

To an extent, the aggressive lending strategy touted by 58-year-old Mr. Abboud is a bit out of character. Despite his reputation as a maverick banker, he is also known as a conservative one.

In the late 1970s, for example, when Mr. Abboud was chairman and chief executive of First Chicago Corp., he did not follow other leading

U.S. banks — especially Continental Illinois Corp., First Chicago's archrival — in lending aggressively in the United States and to Third World nations. He held back, fearing that many of the loans would not be repaid.

As a result, First Chicago's growth was slow and its earnings plunged. That, combined with difficulties in top management, led to Mr. Abboud's dismissal in 1980.

In the long run, of course, Mr. Abboud's judgments proved correct. Continental's profits turned out to be illusory, as billions of dollars in bad loans caused the biggest bank collapse in U.S. history.

Most leading U.S. banks are struggling to be repaid by Third World countries, and they sustained huge second-quarter losses as the result of increasing reserves for bad debt.

"It was a lonely position to stick to your convictions," Mr. Abboud said. "I was imposing discipline when the biggest transgressor was across the street; that's what made it difficult."

Other positions he took were not popular either. Mr. Abboud, an active Democrat, had First Chicago lend \$3.4 million to Bert Lance in 1977. Mr. Lance eventually was forced to resign as President Jimmy Carter's budget director because of questionable financial dealings.

In 1975, Mr. Abboud ranked bankers when he demanded the ouster of the top management of Lockheed Aircraft Corp. because of the company's foreign payoffs. Mr. Abboud said that First Chicago would pull out of a 24-bank lending group that was keeping Lockheed afloat if management remained. He won that battle.

The same year he riled New York bankers when he urged Congress not to approve a federal loan program aimed at preventing New York City from defaulting on its debt.

Mr. Abboud, who has a reputation as an auto-See ABOUDD, Page 21

AT&T Spin-Offs Win Leeway on Computer Data

WASHINGTON — A federal judge refused Thursday to lift restrictions that prevent regional telephone companies split off from American Telephone & Telegraph Co. from making telephone equipment and providing long-distance service. But he did open the door for the "Baby Bells" to transmit computerized information services.

The ruling to permit transmission of information services was viewed as a major victory for the seven Baby Bells.

U.S. District Judge Harold H. Greene ruled that the regional companies could transmit computerized services, such as message storing and alarm monitoring, but he barred them from generating the content of the messages.

The judge, who presided over the 1984 divestiture of AT&T, also said he would allow the phone companies to enter any business outside of telecommunications without obtaining the court's prior approval.

In refusing to lift other restrictions, Judge Greene asserted that the Bell companies, spun off through an antitrust decree, continue to have monopoly control of their local phone networks.

Customers have few alternatives for bypassing the Bells' switches and circuits, he said. "No significant changes have occurred" that "would justify a radical change in the decree," he wrote.

In approving limited authority for the Baby Bells to offer information services, Judge Greene removed a provision that limited their net revenue from non-telephone subsidiaries to 10 percent of total revenue.

Industry sources predicted that the decision would boost the regional companies' income. The Bells offer a variety of services classified as nontelecommunications, including cellular mobile phone services and billing operations for long-distance companies.

Analysts said that overall, the ruling opened the door to some profitable businesses for the regional companies, but not in a way that threatened AT&T.

This is very positive for the Bell regionals," said Joel Gross, an industry analyst at Donaldson Lufkin and Jenrette. "A lot of these businesses create message volume" that will boost revenue and profit. AT&T had sought to prevent the Bell companies from entering its core businesses, namely long distance service and equipment manufacturing. It applauded the judge's decision, saying it would ensure industry stability.

When the Bell system was broken up in 1984, the regional Bell telephone companies were barred from offering long distance phone services, manufacturing and information services. AT&T was barred from local phone service.

The Bells have argued that they were being unfairly restrained in a growing industry.

The judge, however, dismissed their arguments.

"Had it not been for the drum-beat of a wide-ranging public relations campaign," he said, "no one would have seriously entertained the proposition that a solution arrived at after a 30-year struggle should be jettisoned in substantial part after a mere three years."

Analysis had said it would be highly unlikely that the Bell companies would win a waiver to enter long-distance service. "It would have been resurrecting the old Bell system type of business," said Victor Krueger, an analyst at Dataquest.

Judge Greene said his decision to allow the regional companies to transmit but not generate the content of information services would protect against possible anticompetitive behavior by the Bells.

At the same time, he said, the ruling makes way for "the revolutionary changes that are possible if information can be made available to vast numbers of consumers."

The Justice Department had recommended to Judge Greene that the Bell companies be allowed to manufacture telephone equipment and provide information services.

(AP, Reuters)

Currency Rates

Table with columns for Currency, Par \$, and various exchange rates for major currencies like British Pound, Swiss Franc, etc.

Interest Rates

Table showing interest rates for various terms: 1 month, 3 months, 6 months, 1 year, etc.

Key Money Rates

Table with columns for Instrument, Rate, and other financial metrics.

U.S. Money Market Funds

Table listing money market funds and their performance metrics.

Gold

Table showing gold prices in various locations like New York, London, and Zurich.

OPEC Panel Concludes Cartel Exceeding Ceiling

VIENNA — Five OPEC ministers meeting here have accepted that the group is exceeding its 16.6 million barrel a day output ceiling and will shortly tour all member states to make sure quotas are adhered to, an OPEC spokesman, James Andu, said.

He was speaking after a meeting of the quota compliance committee and the price monitoring panel, which groups Nigeria, Saudi Arabia, Indonesia, Venezuela and Algeria.

Mr. Andu said the compliance committee and Nigeria, to visit all member states to try to get production quotas adhered to.

Mr. Andu also said the committee, which has been meeting jointly, would finish their work Friday and issue a communiqué.

"The meeting has reviewed the market situation and has accepted that there is some overproduction in the market and it has discussed ways of stemming this because it pressures" the OPEC price structure.

In another development, Iran said Thursday that it could continue to cooperate with Saudi Arabia within OPEC to buy oil prices, clarifying its position for the first time since July's Mecca riots soured relations.

Growing oil stocks have led oil companies to cut their posted prices. Exxon Corp. and Chevron Corp. joined other major oil companies Thursday in reducing their

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Estimate on Capital Spending in U.S. Is Revised Downward

WASHINGTON — U.S. businesses plan to increase capital spending by 1.4 percent this year, just half the increase estimated three months ago, the government reported on Thursday.

The new Commerce Department estimate, adjusted for inflation, was down from a projected 2.8 percent increase made in June. The estimate was based on a survey of businesses conducted in July and August.

Economists view capital spending, which covers a range of industrial equipment and buildings, as a sign of what businesses expect future sales will be. In 1986, spending in the United States declined 2.6 percent from 1985's level.

The Commerce Department said the downward revision was concentrated in the nonmanufacturing industries. Manufacturers plan to boost spending more than estimated previously, it said.

Manufacturing industries were expected to increase spending in 1987 by 1.4 percent, the survey showed. That included a planned 2.0 percent increase in spending by durable goods industries and a 0.9 percent rise by nondurable industries. Durable goods are those items, such as automobiles, that are expected to last three years or more.

Among manufacturing industries, the largest planned spending increases were in blast furnaces and steel works. Declines were expected in motor vehicles, aircraft and non-electrical machinery.

Nonmanufacturing industries were expected to increase spending in 1987 by 1.5 percent from 1986.

American Express Bank advertisement featuring the logo and the text 'Exceptional service in private banking' along with an image of a person.

CURRENCY MARKETS

Dollar Firms a Bit Before Trade Data

NEW YORK — The dollar was mostly higher Thursday in relative quiet trading as market participants anxiously awaited the government's report Friday on the U.S. trade deficit in July.

Table with columns: Country, Rate, % Change. Includes entries for Canada, France, Germany, Italy, Japan, etc.

The dollar strengthened Wednesday on rumors that the July trade imbalance would not be as bad as previously expected. But some analysts played down the rumors.

M-1 Fell \$2.2 Billion In Last Reporting Week

NEW YORK — M-1, the narrowest measure of the U.S. money supply, fell \$2.2 billion to a seasonally adjusted \$750.7 billion in the week ending Aug. 31, the Federal Reserve reported Thursday.

Group of 5 To Hold Talks On Sept. 25

WASHINGTON — The leading industrial countries are to hold high-level talks on international monetary issues this month, a source said Thursday.

Wojnilower Expects Further Increase in U.S. Interest Rates

NEW YORK — First Boston Corp.'s managing director, Albert Wojnilower, said Thursday that U.S. interest rates were likely to rise further.

CITY: In Texas Bailout, Bank and New Boss Get Chance to Prove Themselves

(Continued from first finance page) need, merged his City National Bank with the First National Bank in Houston to form First City.

Lack of management depth was a major reason for First City's inability to recover, an official said.

They said that the bank's capital base, which includes equity and loan loss reserves, was expected to drop below the regulatory minimum of 5.5 percent. It was 6.3 percent at the end of June.

ABBODD: Again a Maverick, He Plans Active Lending

(Continued from first finance page) Since he left Occidental, Mr. Abboud has been running his own investment company in a suburb of Chicago.

In 1975, he riled New York bankers when he urged Congress not to approve a bailout for New York City.

First City, in addition to the \$1.5 billion being put into the banking company by the FDIC and the securities firm Donaldson, Lufkin & Jenrette, Mr. Abboud and a group of partners whom he declined to identify are investing about \$500 million in First City. The group intends to raise the money through stock sales.

Drought, Flooding Threaten Asian Rice Production

MANILA — The worst drought in decades, coupled with serious floods in some regions, threatens major rice-growing countries in Asia, the Manila-based International Rice Research Institute said Thursday in a report.

Italy's Trade Balance Moves Into Surplus

ROME — Italy posted a trade surplus of \$23 billion in July after a deficit of \$2.2 billion in June, the national statistics institute, ISTAT, said Thursday.

Swiss Inflation Rate at 2%

BERN — Switzerland's annual inflation rate rose to 2 percent in August from 1.8 percent in July, the highest since January 1986, the government said Thursday.

Toronto Sun Agrees to Buy Back Shares

TORONTO — Toronto Sun Publishing Co. said Thursday it had agreed to buy back 1.5 million shares of the company for \$150 million.

Large table of stock market data with columns for various stocks, prices, and changes. Includes sections for Thursday's OTC Prices and various market indices.

Table of stock market data, likely a continuation of the previous table, listing various companies and their stock prices.

Table of stock market data, continuing the list of companies and their financial metrics.

Table of stock market data, providing further details on various equities.

Table of stock market data, including information on different market segments.

Table of stock market data, listing various financial instruments and their values.

Advertisement for Thursday's OTC Prices, mentioning NASDAQ prices and the Associated Press.

Advertisement for Sun Publishing, mentioning Toronto Sun and share buyback.

Advertisement for Italy's Trade Balance, mentioning a surplus in July.

Advertisement for Drought, Flooding Threaten Asian Rice Production, mentioning the International Rice Research Institute.

Advertisement for Swiss Inflation Rate at 2%, mentioning the Swiss government's report.

Large vertical advertisement on the right edge of the page, including 'RI Seeking', 'Ex-Aides', 'Toronto Sun Agrees', 'Drought, Flooding Threaten Asian Rice Production', 'Italy's Trade Balance Moves Into Surplus', and 'Swiss Inflation Rate at 2%'.

BUSINESS ROUNDUP

TRI Seeking Fermenta Assets

In late August, TRI abandoned a bid for Fermenta after some Swedish banks with loans to Fermenta objected to TRI's proposals for paying off the loans. TRI had bid about 1.36 billion kronor (\$212 million)...

Digital's New Computers Considered a Further Threat to IBM Dominance

Compiled by Our Staff From Dispatches BOSTON — Digital Equipment Corp.'s introduction of several aggressively priced low-end computers may spell more trouble for International Business Machines Corp. Digital introduced on Wednesday two powerful new members of its popular Microvax computer line...

Chief, Ex-Aides Of Toshiba Unit Concede Guilt

OKYO — The president and two former executives of Toshiba Machine Co. admitted Thursday that they broke Japanese laws on strategic exports on the first day of their trial...

Agnelli Unit Acquires 4% Of French Food Firm BSN

PARIS — IFIL, a holding company of the Agnelli group, is taking a stake of just over 4 percent in the French food group BSN, Antoine Riboud, the chairman of BSN, said Thursday...

Rolls-Royce Says Profit Rose in Half

LONDON — Rolls-Royce PLC, the airplane engine maker that Britain's Conservative government sold off earlier this year, said Thursday that pretax profit rose 13 percent in the first half of 1987 from a year earlier...

Company Results

Table with columns for Australia, P & O, United States, and various companies like Woolworths, BICC, BSN, etc., showing financial metrics like Revenue, Profit, and Per Share.

LONGINES advertisement featuring a watch image and text: 'Conquest VHP in titanium and gold', 'Elisio Santos Joalheiros', 'World Trade Center', 'Av. da Bravaria, 1208 - Loja 001', 'P-4100 Porto Portugal'.

Toronto Sun Agrees to Sell Houston Post

TORONTO — Toronto Sun Publishing Corp. said Thursday that it had agreed to sell The Houston Post to Media News Group Inc. of Dallas for \$150 million in cash. The transaction will produce an extraordinary gain of about 45 million Canadian dollars (\$35 million) or 2.20 dollars a share...

Allied London to Raise Funds in Rights Issue

LONDON — Allied London Properties PLC said Thursday that it planned to cover the cost of recent acquisitions by raising around £38.8 million (\$64 million) through a rights issue. The company said the issue would be on the basis of one new convertible preference share at 100 pence for every 1.7153 ordinary shares held...

Volvo to Expand U.S. Truck Plant

STOCKHOLM — Volvo GM Heavy Truck Inc., AB Volvo's 76 percent-owned American subsidiary, is to spend \$100 million to expand capacity and develop products in the United States, Volvo said Thursday. Torsten Dahlberg, spokesman for Volvo's truck division, said the money would be spent mainly at the New River Valley plant in Virginia...

Prussag's Sales Rose 31% in 2d Quarter From First

HANOVER, West Germany — Prussag AG, a major minerals producer, said world group sales rose 31 percent in the second quarter to 2.1 billion Deutsche marks (\$1.17 billion) in the second quarter from 1.6 billion DM in the first three months of 1987, Prussag said in an interim report. First half sales totaled 3.7 billion DM but were not comparable with 1986 figures because the company changed reporting procedures this year...

Surprises Ahead for Recent Sellers of Computer Stocks

Why were Bob Beranak, Intel and Intergraph off up during a weak-ago session when the Dow Jones industrial bar 38 point? Indigo reports have been describing a turning of tide in which recently popular blue chips with heavy index weighting will be spending more money on emerging technologies to maintain market share and profitability. The turn is coming when a major electronic news medium gets the Croy research outlook backwards and precipitates a widely-misconstrued market break which spreads to IBM and other majors but it is Indigo's business to stay on top of such matters and get the facts into the hands of an expanding clientele of aggressive speculators and growth investors. Weekly projection-coded reports are available with our compliments. Simply telephone, telex or return the coupon.

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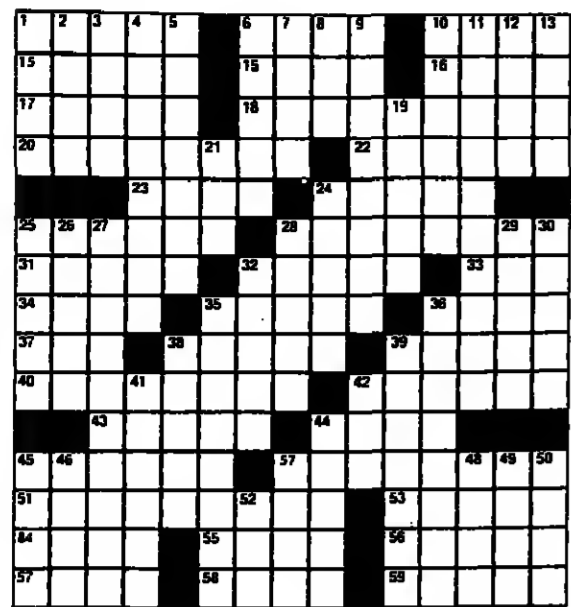
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Net Asset Value on September 3, 1987. Pacific Selection Fund N.V. U.S.\$0.64 per U.S.\$1 unit. Pacific Selection Fund N.V.

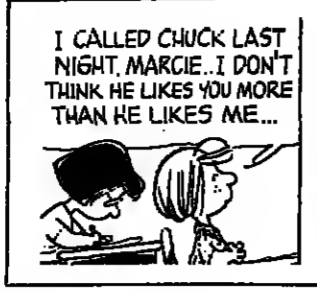
Indigo INVESTMENT S.A. Form with fields for NAME, ADDRESS, PHONE (business), (home). Includes disclaimer: 'Indigo is not a licensed broker.'

BAT INDUSTRIES... RECORD FIRST HALF... PRE-TAX PROFIT +26%. SIX MONTHS RESULTS. Table with columns for 6 months to June 1987 and 6 months to June 1986. Includes text: 'Record first half, strong underlying profit growth...', 'Financial services profit up 66 percent - Eagle Star, Allied Dunbar, and Marshall Field's performs well...', 'Export success in Japan adds to very good tobacco results...', 'In retailing, strong growth at Argos and Marshall Field's performs well...', 'Paper maintains good performance, with increased contribution from wood pulp.'

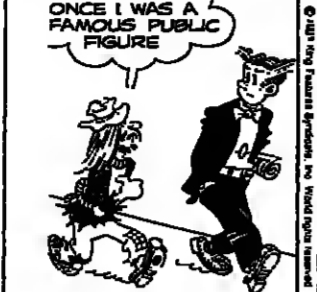


- ACROSS**
- Respond to stimuli
  - Record
  - Anglo-Saxon band
  - Glacial deposit
  - High point
  - Melted volcanic rock
  - Santa
  - Calif.
  - Feline sweater
  - Political felines?
  - Experts
  - Network staple
  - Eliot's "cruclest month"
  - Discriminate
  - Despotic felines?
  - Thwart
  - Vt. Revolutionary soldier
  - Banking acronym
  - Weapon for a poll
  - Stair part
  - Indigo plant
  - Gypsy
  - Catalpaques
  - Used up
- DOWN**
- Wealthy feline?
  - Thickets
  - Cuts
  - Contidienne from Jamestown, N.Y.
  - Tap
  - Begging feline?
  - Scientific feline?
  - French school
  - Eram, eras
  - Parish priest
  - Textile fiber
  - Seeds
  - Capsize, with "over"
  - Greek porticoes
  - Fusible metal alloy
  - Intepret
  - Sert of yore
  - Actor Tamiriff of Chinese feline?
  - Investigative procedures
  - Ohio political family
  - Mil. addresses
  - According to
  - Freed from duty
  - Bulgarian, e.g.
  - Feline castle mistresses?
  - Kiln
  - Golf scores
  - Star of "Ciglit"
  - Beard of grain
  - Assemble halls
  - Steepest slope
  - Flynn of films
  - Feline informant?
  - Warm
  - Threefold
  - Seasons
  - Zones
  - Horological repetition
  - Feline job-seeker?
  - Caribbean anchovy
  - Fusible metal alloy
  - 41 Bally suit
  - 42 Preserve
  - 43 Asian palm nut
  - 45 Stage
  - 48 Persian elf
  - 47 Female equine
  - 48 Lake or singer
  - 49 President of Albania
  - 50 Golfing areas
  - 52 Hint

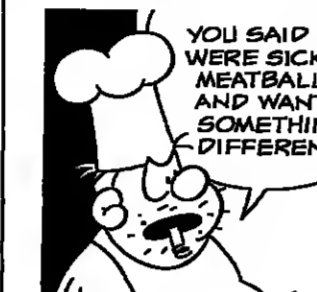
PEANUTS



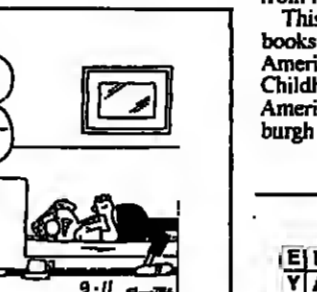
BLONDIE



BEEBLE BAILEY



ANDY CAPP



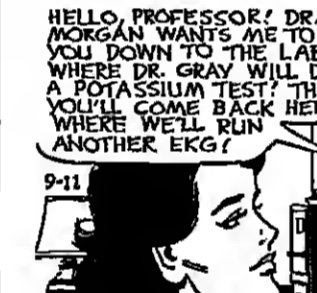
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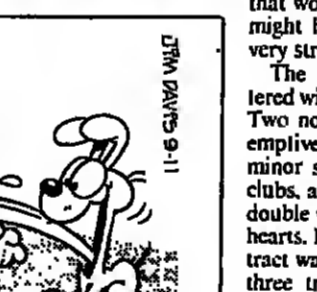
DENNIS THE MENACE



REX MORGAN



GARFIELD



BOOK BRIEFS

AN AMERICAN CHILDHOOD. By Annie Dillard. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N.Y. 10022.

It's a Pittsburgh 1950s childhood Annie Dillard is writing about in her memoir, "An American Childhood," and not just any Pittsburgh childhood, but a wealthy and pampered one.

Those of us who read carried around with us like martyrs a secret knowledge, a secret joy and a secret hope: There is a life worth living where history is still taking place; there are ideas worth dying for, and circumstances where courage is still prized.

This delighted exploration of the world of books is by far the most enjoyable thing in "An American Childhood." But if "An American Childhood" has any lesson to teach about America, it is that growing up rich in Pittsburgh is very pleasant indeed.

BELOVED. By Toni Morrison. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

It seems somehow both constricting and inadequate to describe Toni Morrison as the United States' pre-eminent black novelist, since in both gifts and accomplishments she transcends categorization, yet the characterization is inescapable not merely because it is true but because of the very nature of Morrison's work.

"The Color of Blood" is a catalogue of loves lovingly told. One moment the 12-year-old Annie is a French and Indian War buff, the other a plunkton nut, then a person who cares about all about dancing at the Sewickley Country Club, then a World War II buff ("I could contact the Resistance with my high-school French and eavesdrop on the Germans with my high-school German").

This time, in "The Color of Blood," we are in contemporary Eastern Europe in a country that isn't Poland but isn't very different from Poland either. An unpopular communist regime has found itself facing a Solidarity-type workers' movement, now somewhat in retreat, it has also been forced to make substantial concessions to the Roman Catholic Church.

Moore has chosen a lofty theme. There are very few novelists who could have done it as much justice or brought it home to his readers with such telling effect.

BRIDGE

By Alan Truscott

IN THE European championship in Brighton, England three weeks ago the authorities relaxed their earlier ban on hypermodern systems, in which weak hands must open bidding, and several pairs took advantage of the opportunity.

The Icelandic East countered with his own artificiality: Two no-trump showed a pre-emptive opening in one of the minor suits. West had to bid clubs, and was not inclined to double when South tried three hearts. It might seem by this contrast was due to fail by two or three tricks but South took full advantage of a little help from West. After winning the first trick with the club queen,

Bridge score table showing North and South hands, tricks, and scores.

JUMBLE

Unscramble these four Jumbles, one letter to each square, in form four ordinary words.

FRACT

YADDD

ATTARR

RAMIFF

WHAT THE LETTER C DOES WHEN YOU'RE HAVING TROUBLE LOSING WEIGHT.

Answer here: MAKES

WEATHER

Weather forecast table with columns for Europe, Asia, North America, Middle East, Oceania, and London forecast.

World Stock Markets

World Stock Markets Via Agence France Presse Closing prices in local currencies, Sept. 10.

World stock market table listing various indices like Nikkei, DAX, FTSE, and regional indices with their respective closing prices.

FREE IN THE NIGHT

Free in the Night Schedule for the season. Includes details about the schedule and ticket information.

WEDNESDAY

Wednesday schedule details including program listings and broadcast times.

SCORE

Scoreboard listing various sports scores and team performances.

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SPORTS

مكتبة الصحف

Home Free in the NFC: Talent, Schedule Favor Rams as Season Begins

By Bob Oates
Los Angeles Times Service
LOS ANGELES — Once, the other National Football League teams often took it easy against out-

NFL PREVIEW

...winning the most regular season games. In particular, they went a noisy stadium at home for the conference finale, the last two games of the season before the Super Bowl, because this edge has

...the defending champion New York Giants, who obviously are the team to beat in the NFL. But as owner Wellington Mara said, the Giants must clear the two obstacles that have prevented every NFL champion from repeating since Vince Lombardi won Super Bowls in 1957 and '58.

...the 1985 champion Chicago Bears also have a winnable schedule. They may have a difficult second half of the season, against opponents like Denver, San Francisco, Seattle and the Los Angeles Raiders, but by then injured quarterback Jim McMahon should be back in action.

...the NFL's finest have won Super Bowl titles after winning most of their regular-season games: the 49ers, who finished 15-1; the Bears, 15-1; and the Giants, 14-2.

...Washington Redskins. They may be the sleeper this year, led by one of the NFL's most respected coaches, Joe Gibbs, and one of the few standard NFL quarterbacks, Jay Schroeder. On offense, they don't quite measure up to the Bears or Giants, or even the NFC's California teams, except at cornerback,

with Darrell Green. Bot with Art Monk and Gary Clark receiving, Schroeder can match last year's 12-4 record.

San Francisco 49ers. Walsh has coached the NFL's best balanced team for many years. Although quarterback Joe Montana was the most valuable player of the 1981 and 1984, those were essentially defensive seasons and the 49ers still are. In 1986, statistically they were one of the few teams in the league that finished impressively on both sides of the ball. To get the 49ers back on top, Montana will have to resume being a rollout passer, which may be too much for a man with a bad back. Steve Young is a promising backup.

Minnesota Vikings. In recent seasons, the Vikings have been quietly sneaking up on the league, adding more talent than last year's 9-7 record reflected. At 32, quarterback Tommy Kramer is coming off his best season, although he spent the summer in an alcohol rehabilitation center. The Vikings have Darrell Nelson and rookie D.J. Dozier to run the ball and Nelson and Anthony Carter to catch it. And if Kramer falters, Wade Wilson can throw it.

Dallas Cowboys. A year ago, quarterback Danny White finally made believers of his teammates and his coaches. Then he hurt a wrist — and apparently will play the rest of his career. Even before receiver Mike Sherrard broke a leg this summer, the coach, Tom Landry, said that he had decided to rebuild the entire offense around Henschel Walker. Will this be the rebirth of America's Team?

Philadelphia Eagles. Facing the NFL's most difficult schedule, the Eagles may not prove they are No. 8 in the conference. But they are led by one of the league's top coaches, Buddy Ryan, and one of the top 8 or 10 quarterbacks, Randall Cunningham. A healthy Keith Byars in the backfield is a must.

New Orleans Saints. If this team is jelling, as it suggests, this is the season to show it. They are led by coach Jim Mora as coach and Jim Finks as general manager. But the Saints lack both team speed and a quarterback, unless Dave Wilson or Bobby Hebert emerges.

Tampa Bay Buccaneers. Some scouts are saying that the Buccaneers have the best young talent in the NFC Central. If true — if, for example, Vinny Testaverde is another Dan Marino — Ray Perkins won't be sorry he left the University of Alabama to coach the Bucs. As coach of the 1979-82 Giants, he turned that team around.

Central. It is unlikely that the Bears will be pressed this season by the Vikings, who probably won't be pressed by the Bucs, Detroit Lions, or Green Bay Packers. The Lions drafted able, controversial defensive end Reggie Rogers. There will be a quarterback controversy when Eric Hipple's broken thumb mends and he can challenge Chuck Long. The Packers may have lost more than they gained when they drafted an effective runner, Brent Faulwood, but traded away receiver James Lofton.

West. The Rams and 49ers are again in the fight for first, and again, the Saints and Atlanta Falcons are in the fight for third. Starting in second tour as coach of the Falcons, Marion Campbell, a defensive specialist who was last in charge in 1982-84, has brought in one of the NFL's better offensive coordinators, Rod Dowhower.



John McEnroe had much to ponder during his 6-3, 6-3, 6-4 loss to Ivan Lendl in the quarterfinals of the U.S. Open.

Lendl Serves Eviction on McEnroe

By Peter Alfano
New York Times Service

NEW YORK — There was an air of expectation, the kind of excitement that usually precedes a Grand Slam tennis final, especially when two old adversaries meet. This would be John McEnroe's chance to reassert himself against the best player in the world, showing he still has the game to back up the often heated words.

But it has been a few years since the sight of McEnroe standing on the other side of the net would make Ivan Lendl crumble like a stale cookie. The U.S. Open may have belonged to McEnroe at one time, but Lendl owns the deed now.

He played probably his best match of the year Wednesday night, overpowering a determined McEnroe, 6-3, 6-3, 6-4, to advance to the semifinals. It was Lendl's 19th consecutive match victory at the open, a streak that began in 1985 when he won his first open championship, beating McEnroe in the final. In the semifinals, Lendl will play Jimmy Connors, who went down Brad Gilbert in an earlier match Wednesday.



Lendl won his 19th straight U.S. Open match, a streak that began against McEnroe in the final of the 1985 tournament.

The other semifinal pits Lendl against the sixth-seeded Connors. Lendl won on the strength of an overpowering serve that did not result in many aces but was too hard and well placed for McEnroe to handle. Not only was McEnroe unable to break Lendl, he never held a break point. Lendl, in turn, broke McEnroe four times.

He might never enjoy the popularity that Connors has, or the notoriety that has made McEnroe the sport's biggest drawing card, but Lendl feels at home on the hard courts of Flushing Meadows, and that is all that matters to him. Under the circumstances, with everyone expecting fireworks and having to play at night, I played well, he said.

But in the seventh game, McEnroe began having problems with his serve and was broken, double faulting twice. He questioned a couple of calls by the linesmen on his serve, and was agitated by the ushers' inability to control the crowd strolling to their seats after the breaks between games. There was a five-minute delay at one point as McEnroe and Lendl waited for the crowd to settle down.

"I got distracted," McEnroe said. "And standing there, I got cold. But he didn't let it bother him." The break in the seventh game started a run of six consecutive games by Lendl, who swept the first set, McEnroe unable to make any inroads on his serve. Lendl was especially sharp, mixing his topspin passing shots with deftly hit lobs that infuriated McEnroe as they landed softly behind him.

Lendl kept the pressure on in the second set, holding serve in the first game, then breaking McEnroe for the third time, lifting two job winners over him. Lendl's lead was 3-0 before McEnroe held serve, drawing cheers from a crowd hoping to see a classic match.

Tigers Sweep Orioles, Regain Lead as Blue Jays Lose

BASEBALL ROUNDUP

Compiled by Our Staff From Dispatches
BALTIMORE — Doyle Alexander pitched a six-hitter Wednesday night to give the Detroit Tigers a 6-0 triumph over the Baltimore Orioles, a sweep of their doubleheader and first place again in the American League's East Division.

Herndon's sacrifice fly got another run home and Lon Whitaker hit a two-run homer as the Tigers batted around for the fourth time in 22 innings against Baltimore.

Brewers 6, Blue Jays 4: In Milwaukee, Rob Deer doubled in the tying run in the seventh and rookie B.J. Surhoff hit a two-run single on the next pitch to cap a four-run inning against Toronto. The Blue Jays' starter, Jim Clancy, had 10 strikeouts and a 4-2 lead entering the seventh.

Red Sox 5, Yankees 3: In Boston, Jim Rice and Todd Beuzinger homered on consecutive pitches in the fourth inning and Roger Clemens pitched a six-hitter against New York, striking out 12 in his 14th complete game this season.

Twins 2, White Sox 1: In Minneapolis, Kirby Puckett and Tim Laudner got Minnesota's only hits, but both were homers and Frank Viola pitched a six-hitter against Chicago, striking out nine.

Athletics 11, Rangers 7: In Oakland, California, Carney Lunsford tripled, doubled and drove in four runs against Texas, whose starter, Bobby Witt, retired just three of the 11 batters he faced.

SPORTS BRIEFS

Canada Gains Hockey Tourney-Final

MONTREAL (WP) — Canada, two goals behind at midgame, scored three times in 2 minutes, 25 seconds Wednesday night and beat Czechoslovakia, 5-3, in the Canada Cup hockey tournament semifinals.

America's Cup Given Court Go-Ahead

NEW YORK (NYT) — A New York State Supreme Court justice lifted Wednesday a temporary restraining order that had prevented the San Diego Yacht Club from going ahead with plans for holding the next America's Cup Regatta. She also said she would rule as soon as possible on a New Zealand banker's request that the court force San Diego to accept his challenge for a cup race next summer.

Strawberry Homers Mets Into Showdown With Cards

Transition

NEW YORK — With a staccato burst of base hits, the New York Mets battered the National League's top pitcher Wednesday night and edged the league's top teams to keep them away from first place this weekend.

U.S. Open Results

NEW YORK — In the first five innings, they managed only one hit against Shane Bieber, the Phillies' 17-game winner, but they drove the left-hander from the game in the sixth with five successive hits.

Baseball

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Scoreboard

Table with columns for Baseball, Tennis, and Hockey, listing various games and scores.

Transition

NEW YORK — With a staccato burst of base hits, the New York Mets battered the National League's top pitcher Wednesday night and edged the league's top teams to keep them away from first place this weekend.

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Major League Standings

Table showing Major League Standings for American League and National League.

Transition

NEW YORK — With a staccato burst of base hits, the New York Mets battered the National League's top pitcher Wednesday night and edged the league's top teams to keep them away from first place this weekend.

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Advertisement for U.S. OPEN TENNIS featuring SEIKO Official Timer. Includes text: U.S. OPEN TENNIS OFFICIAL TIMER SEIKO.

OBSERVER

A Man for All Reasons

By Russell Baker
NEW YORK — Judge Bork has a brilliant mind. He is eminently qualified. The president is entitled to put anyone he wants on the court.

millions with roots in steamer climates where indolence is a way of life. Those warm climates have traditionally been associated in the American mind with olive trees, olive oil and olives, the fruit Judge Bork does not take in his martini.

Judge Bork has a brilliant mind. He is eminently qualified. Anyhow, Democratic presidents want plenty of Supreme Court appointments for political reasons.

As for qualifications, on a scale from "ludicrously unqualified" to "stuporously overqualified," Judge Bork has been awarded the American Conservative Columnist Association's second highest rating: "eminently qualified."

Judge Bork is not as conservative as the left-leaning, liberal press says he is. Actually, he is a moderate, though not a dangerous moderate like Howard Baker. Even if he were a conservative, Justice Brennan is a wild-eyed liberal, isn't he?

Anyhow, those old days were not so bad. "Amos 'n' Andy" was just as funny as "The Bill Cosby Show" and it was rare for the police to beat confessions out of people who didn't deserve to be locked up for something, whether or not it was the crime they confessed to.

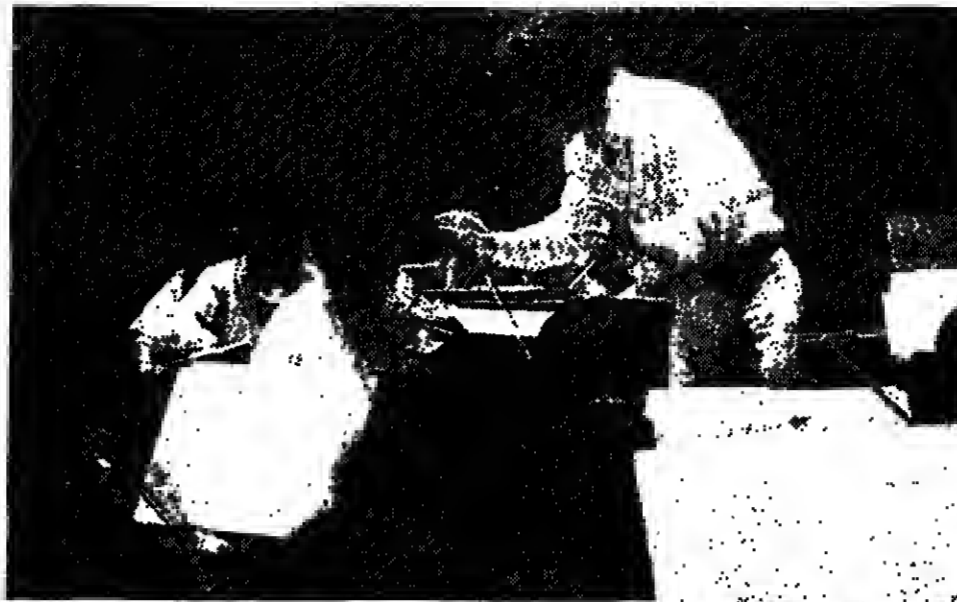
Judge Bork does not take an olive in his martini. He prefers a tart fruit which is idelibly associated in the American mind with the Sun Belt, home of small spenders, low taxes and philosophers who understand that you have to get tough with welfare chiselers, especially the

Worse: If it rejects him, the Senate may have to give the court seat to its colleague Orrin Hatch. New York Times Service

Ozawa and the Far-Flung Friends of Saito

By Alan Levy

VIENNA — Twice in a blue moon the magic has happened, but if Seiji Ozawa and his 98 Philharmonic Soloists of Japan touring Europe this week have their way, the second time around foreshadows a rising sun on the musical horizon: Japan's first world-class symphony orchestra.



Ozawa rehearsing the orchestra. At right, Hideo Saito.

For months the sound of their music rang in Ozawa's ear. "I had this impossible dream," he said. "What I wanted to hear again was Saito's student orchestra of 30 years ago, but now with us getting much older, and bringing several thousand years of experience to what he taught us and we digested."

But would there be a second time around for the Saito Kinen (Friends of Saito) Orchestra? As with the mythical musical village Brigadoon, the suspense lay in whether an entire community could be willed to reappear.

In September 1984 the maestros Ozawa and Akiyama — with two administrators, the industrialist Hideo Edo, father of Ozawa's first wife, and Osamu Murakami of the Toho Gakuen School of Music in Tokyo in 1950; Saito's first pupil was 15-year-old Seiji Ozawa.

With sponsorship and \$1 million in underwriting by the Japanese electronics giant NEC as well as grants from Mitsui, Sanjory, Hanae Mori and various foundations, the Japanese all-stars went to work for no fees, just travel and lodging expenses. The

roster was extended to include younger Toho Gakuen alumni who hadn't studied with Saito, plus two Western ringers: Karl Leister, solo clarinetist of the Berlin Philharmonic, and Everett Firth, solo percussionist of the Boston Symphony.



Hideo Saito.

Not even the violinists, however, were talking about the Viadali. Earlier, during the slow second movement of the Mozart, they had seen what the public didn't see and hardly heard: tears pouring down Ozawa's face and his customary hisses giving way to sobs. "When I looked at the orchestra," Ozawa admitted, "all I saw was Saito's face." His musicians had shared this revelation instantaneously. They all agree they "saw Saito in Seiji's face."

U.S., Soviet Columnists To Try Exchange Plan

Viadimir Posner, the Soviet commentator who caused so much trouble for ABC last year when the network allowed him several minutes on the air to criticize President Reagan's speech on the defense budget, will apparently have his views published in a number of American newspapers this fall.

Posner and the columnist Jack Anderson have agreed to a one-month exchange of columns. The widely syndicated Anderson will make his space available to Posner in writing anything he chooses. Anderson will write a monthly column that Posner will arrange to have printed in newspapers throughout the Soviet Union.

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PEOPLE

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Meets Jewish Palestine Fight to Home

He did not... Vatican... In response... noted that... of them... Later, the... was cut short... defend Chris... 'terme, violen... At Tamias... crowd waved... gous banners... heavy rain... the first of... Masses sched... Jewish leader... after Jon... June with Au... hem of Austr... Mr. Waldhe... of complicity... against Jew... Balkans. He b... Most Jewish... through wa... Orthodox Jew... er, Rabbi G... attend, Rabbi... scheduled to... ish statement... "After the Shoah... Jewish people... perred in their... right to a hom... Hebrew word... He represen... calling for "the... the due transp... rogate of the... ence to the es... goal of estab... He also urge... "What has... right to a hom... the Palestines... whom remain... geous, he... served... and Christian... those who... just, complete... that were... Rabbi Mor... er, head of th... of American... ments that... "However... opportunity to... main and argu... unity in... and for you... church to be... openness, rep... confirmation... communities... decades." He called upon... Church to be... against... ways be... See P. 2

Most Jewish... through wa... Orthodox Jew... er, Rabbi G... attend, Rabbi... scheduled to... ish statement... "After the Shoah... Jewish people... perred in their... right to a hom... Hebrew word... He represen... calling for "the... the due transp... rogate of the... ence to the es... goal of estab... He also urge... "What has... right to a hom... the Palestines... whom remain... geous, he... served... and Christian... those who... just, complete... that were... Rabbi Mor... er, head of th... of American... ments that... "However... opportunity to... main and argu... unity in... and for you... church to be... openness, rep... confirmation... communities... decades." He called upon... Church to be... against... ways be... See P. 2

INTERNATIONAL REAL ESTATE MARKETPLACE
Appears on page 4

INTERNATIONAL CLASSIFIED

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